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Wednesday 13 December 2017

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Scottish Parliament

Wednesday 13 December 2017

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

Portfolio Question Time

Finance and the Constitution

The Constitution

1. **Linda Fabiani (East Kilbride) (SNP):** To ask the Scottish Government when it will next meet the United Kingdom Government to discuss matters relating to the constitution. (S5O-01584)

The Minister for UK Negotiations on Scotland's Place in Europe (Michael Russell): Yesterday, I met UK Government ministers, along with my counterpart in the Welsh Government, Mark Drakeford, and civil servants from the Northern Ireland Executive, in the joint ministerial committee (European Union negotiations). The meeting focussed on UK frameworks, the European Union (Withdrawal) Bill, migration and the involvement of the devolved Administrations in stage 2 of the European Union negotiations. I made it clear that the constitutional future of Scotland and this Parliament is very much at stake in the process of EU withdrawal unless there are amendments to the withdrawal bill. I stressed that all the powers of this Parliament affected by withdrawal must stay devolved after Brexit. I also made it clear that if it is possible to create a special arrangement between Northern Ireland and the European Union, recognising the special difficulties and status of Northern Ireland, there is no logical reason why Scotland should not have the same rights. Indeed, it would be unacceptable for Scotland to be placed at any economic disadvantage.

Linda Fabiani: The next time that the minister meets his UK counterparts, following on from those discussions and yesterday's debate, will he express the shock of many in Scotland at finding out that under the European Union (Withdrawal) Bill, the UK Government, along with Tory Scottish MPs who consistently refuse to safeguard Scotland's interests, is refusing to safeguard Scotland's devolution settlement and instead legislating for the right to amend the Scotland Act 1998?

Michael Russell: It was disappointing to see last week those Scottish Tory MPs refusing to support the Scottish Government and Welsh Government amendments with regard to clause 1, which were carefully thought through, and then to

see last night a repeat of that situation in which amendment 158 was voted down. It was an amendment that would have made sure that UK ministers could not, by secondary legislation or by action—simply by the stroke of a pen—alter legislation passed by this Parliament. It is disappointing to see that. We have made it absolutely clear that we will not bring forward a legislative consent motion unless there are those amendments or equivalent amendments to the bill. That is the nub of the matter. There can be no legislative consent motion without those significant and lasting changes to the bill.

Adam Tomkins (Glasgow) (Con): The newspaper *The Herald* reports on its front page that at yesterday's JMC, there was in fact substantial agreement between the two Governments on the repatriation of powers from the European Union to this Parliament following Brexit. However, according to *The Herald*, rather than share that good news with the Scottish Parliament—and, indeed, with the Scottish people—the Scottish National Party would keep it under wraps. Why? Does that not just serve to underscore yet again that the SNP would rather contrive a grievance than get on with the job of delivering Brexit for Scotland?

Michael Russell: No, it does not. If Mr Tomkins had read the whole piece, he would have seen a significant statement from the Scottish Government that said "This is not true." So, the "exclusive" tag on the story is for an exclusive untrue story. What is more concerning about the story is that it indicates that the Secretary of State for Scotland does not understand the process in which he is engaged, which is very concerning indeed. The process in which we are engaged is looking at the list of 111 intersections between European competence and devolved Scottish competence and making sure that those matters come to this Parliament. Then, of course—we have made it absolutely clear—we can sit down and talk about those matters that should be subject to joint frameworks and co-decision making.

Unless there has been a new declaration of intent from the UK Government, the issue is not about re-reserving powers that should be in this Parliament. However, if Mr Mundell's briefing to *The Herald* is to be taken at face value, he believes that the actions that we are engaged in are about re-reserving powers and allowing the rest to come back here. That is the nub of the matter. If the Secretary of State for Scotland does not understand the discussion that we had yesterday afternoon, that bodes ill for getting a settlement. Fortunately, there are others round the table in the UK Government who do understand the discussion and are working to try to achieve that. I hope that that work will pay off, but I have to

say that it is not helped by the Secretary of State for Scotland, who seems to think that his job is to brief *The Herald* rather than get a resolution.

Landfill Tax (Decreasing Revenues)

2. Bill Bowman (North East Scotland) (Con): To ask the Scottish Government how it will compensate for decreasing levels of landfill tax revenues as the amount of waste to landfill decreases. (S5O-01585)

The Cabinet Secretary for Finance and the Constitution (Derek Mackay): As landfill tax is an environmental tax that is designed to divert material from landfill, encourage alternative waste treatment options and keep valuable resources circulating in our economy for longer, I would see declining revenue as a positive trend. It is worth noting that the adjustment to the Scottish Government's block grant relating to landfill tax is also forecast to fall, which means that, overall, falling revenues do not necessarily lead to less spending power.

Bill Bowman: Will Scottish rates for landfill tax continue to mirror United Kingdom rates or will they diverge?

Derek Mackay: As Mr Bowman and I were discussing over dinner last night—I do not know whether that does more damage to his reputation or mine—the block grant adjustment is very complex in nature. I hope that, across the UK and in Scotland, landfill tax revenues will go down, because that will be an indicator that we are making progress on our environmental ambitions, which will be good for the environment and the economy.

Local Authorities (Funding)

3. Ross Greer (West Scotland) (Green): To ask the Scottish Government how it will ensure that sufficient funding is provided to local authorities to help them meet the needs of their residents. (S5O-01586)

The Cabinet Secretary for Finance and the Constitution (Derek Mackay): The 2018-19 budget will continue to treat local government fairly, despite the cuts to the Scottish budget from the United Kingdom Government. It is then the responsibility of individual local authorities to manage their budgets and to allocate the total financial resources available to them on the basis of local needs and priorities.

Ross Greer: East Renfrewshire Council in my region is proposing in its coming budget to cut all classroom assistants in its primary and secondary schools and to significantly reduce the number of behavioural support assistants. I realise that, if I ask the cabinet secretary what will be in tomorrow's budget, he will ask me to wait until

tomorrow, but does he accept that, without a significant change in policy from the Scottish Government, it will become impossible for councils to avoid such cuts?

Derek Mackay: I have just glanced at the figures for East Dunbartonshire—

The Minister for Parliamentary Business (Joe FitzPatrick): It is East Renfrewshire.

Derek Mackay: Yes—I have looked at that as well. That is how multitalented I am. I looked at East Dunbartonshire, thinking that Ross Greer would have an interest in it, and its increase was more than 4 per cent, whereas East Renfrewshire's was more than 5 per cent. In every regard, both councils have done very well from our settlement to local government. Incidentally, both councils increased their council tax using their powers.

The member touched on education, which is important. The pupil equity funding and wider attainment funding have supported young people and pupils across the country and have resulted in more teachers being employed, which is addressing that crucial attainment gap. I reassure Ross Greer that the local government settlement that I will propose will be fair and reasonable. He answered his own question: full details will be released tomorrow.

John Mason (Glasgow Shettleston) (SNP): Can the cabinet secretary confirm that allocation of funding to councils will continue to be based on need and that there will not be a kind of evening-out process that might disadvantage the islands and Glasgow and those with greater needs?

Derek Mackay: There is a very sophisticated needs-based formula for the local government settlement, which is arrived at in dialogue with local government and the Convention of Scottish Local Authorities. There is also the floor, which is another technical arrangement that allows for stability and a degree of convergence around funding. Fundamentally, the answer is yes—the funding settlement for local government continues to be needs based.

Alexander Stewart (Mid Scotland and Fife) (Con): A recent Audit Scotland report confirmed that local government funding from the Scottish Government has fallen in real terms by 7.6 per cent since 2010-11, demonstrating that the Scottish Government has forced disproportionate cuts on local government. Can the cabinet secretary confirm that, since next year's block grant will again increase in real terms, there is no further justification for cuts to local government by the Scottish National Party Government?

Derek Mackay: I do not know what is going on in the parallel universe that is Alexander Stewart's

mind or with the rest of the Tories and their briefing notes. The reality is that the resource funding for day-to-day spending for the Scottish Government is going down, by £200 million next year and £0.5 billion over two years. Members should not just take my word for it—the Fraser of Allander institute says so.

In the previous period, our budget went down by £2.6 billion—8 per cent in real terms—and, over that period, we have protected local government as best we can. South of the border, where the Conservatives have been in control, the real-terms reduction for local authorities in England has been more than 20 per cent, showing that we have treated local government in Scotland very fairly indeed.

Local Authorities (Funding)

4. Lewis Macdonald (North East Scotland) (Lab): To ask the Scottish Government how it will ensure fair and adequate funding for all of Scotland's local authorities. (S5O-01587)

The Cabinet Secretary for Finance and the Constitution (Derek Mackay): The 2018-19 draft budget will continue to treat local government fairly, despite the cuts to the Scottish budget from the United Kingdom Government. Local government allocations are distributed using a needs-based formula, which is kept under constant review and agreed with the Convention of Scottish Local Authorities.

Lewis Macdonald: The cabinet secretary will recognise that the funding formula that he referred to has tended to disadvantage some councils, including Aberdeen City Council. Provision was made in the previous parliamentary session, through the funding floor that he referred to in his reply to John Mason, to reduce the disadvantage. Will he confirm today that that funding floor will continue? Will the council now achieve the target of 85 per cent of the Scottish average that was set for it some years ago?

Derek Mackay: Lewis Macdonald is right to say that there is a needs-based formula. There is also the ability for councils to raise council tax. On top of that, Aberdeen City Council has the 85 per cent floor which, incidentally, the Labour Party never gave to Aberdeen or North East Scotland when it was in power; it was established by the SNP Government. I am sure that Lewis Macdonald and many other members will welcome the local government settlement when they see it tomorrow.

Murdo Fraser (Mid Scotland and Fife) (Con): Given that the Scottish Parliament information centre has confirmed that the Scottish Government budget is going up in real terms from this year to next and that, when the Fraser of Allander institute published yesterday the new

Fraser of Allander Institute Economic Commentary that I am holding, it said—notwithstanding the cabinet secretary's comments—that the total Scottish Government budget will go up in real terms over the next three years, does the cabinet secretary agree that there is no case for making any further real-terms cuts to local government spending?

The Deputy Presiding Officer (Christine Grahame): I remind members, including Mr Fraser, that I do not like props.

Derek Mackay: That was an appropriate rebuke, I would say, Presiding Officer. The commentary that Murdo Fraser chose to use is one such prop. I do not know why Conservative members want to ignore and dismiss the advice of the Fraser of Allander institute. That discretionary spend is the resource for day-to-day public services that funds schools, hospitals, police, fire and front-line local government services? I know that Murdo Fraser is far more intelligent than he is pretending to be in the chamber this afternoon. Just as the rest of the Conservatives know, Murdo Fraser knows only too well that his party has cut discretionary funding to Scotland. That is the reality, but the Tory briefing note does not say so. Just like Pavlov's dog, the Conservative members follow the merry tune that says that we have extra resources when, in fact, our resources for front-line discretionary spend will go down by £200 million next year and by £0.5 billion over two years.

The Deputy Presiding Officer: I remind members that the subject will be debated this afternoon, so we do not have to rehearse it all now.

Non-domestic Rates

5. Jeremy Balfour (Lothian) (Con): To ask the Scottish Government, in the light of the UK Government's decision to do so, whether it will bring forward the linking of non-domestic rates poundage to the consumer prices index from 2020 to April 2018. (S5O-01588)

The Cabinet Secretary for Finance and the Constitution (Derek Mackay): That is a good question, and I will give Jeremy Balfour the answer tomorrow in the draft budget.

Jeremy Balfour: I thank the cabinet secretary for his very full answer. [*Laughter.*]

Does he agree that linking poundage to the CPI would result in rates being more than a penny lower in three years, thereby saving the average shop hundreds of pounds in tax? In an age of increasing competition from online retailers, does the cabinet secretary agree that we need to do all that we can to help our struggling high street shops?

Derek Mackay: I agree with the sentiment of the question. A number of businesses have made switching from the retail prices index to the CPI as the main ask for the budget tomorrow. The Barclay review also said that there is an argument for moving from RPI to CPI but, in Barclay's view, that is unaffordable at this stage. I have been reflecting on that and many other matters, and will present my proposals to Parliament tomorrow.

Willie Coffey (Kilmarnock and Irvine Valley) (SNP): What proportion of rateable properties do not pay rates as a result of the small business bonus scheme? Will the cabinet secretary confirm that the businesses that qualify for the scheme will continue to benefit from it next year?

Derek Mackay: As it stands today, about half of all properties in Scotland—40 per cent—pay no rates, which is a consequence of the small business bonus. I have said that that will continue.

Neil Findlay (Lothian) (Lab): My understanding is that we are supposed to be in an era of evidence-led policy. When will the Cabinet Secretary for Finance and the Constitution have a proper independent analysis of the small business bonus?

Derek Mackay: I believe that the small business bonus has been a lifeline, especially for town centres in Scotland, by ensuring that smaller businesses have had financial relief in turbulent times. When I launched the last budget, with regard to non-domestic rates, the business that I visited in Paisley was using the relief to which it was entitled to employ a young person. Neil Findlay surely welcomes that kind of initiative, which has been delivered through the small business bonus.

Local Authorities (Draft Budget)

6. David Stewart (Highlands and Islands) (Lab): To ask the Scottish Government what representations it has received from local authorities regarding the draft budget. (S5O-01589)

The Cabinet Secretary for Finance and the Constitution (Derek Mackay): Ahead of my 2018-19 draft budget announcement, I have met a number of individual council leaders and have had a series of meetings with the Convention of Scottish Local Authorities.

David Stewart: Many local authorities in my region are facing severe financial pressures and unique rural and logistic demands. My local council, Highland Council, has responsibility for 6,752 kilometres of roads, 17,000 footpaths and 1,400 bridges, not counting the new Holm Mills bridge that was opened on Monday. Will the cabinet secretary look again at the Scottish Government's funding formula and give more

leeway to the rural local authorities, such as Highland Council, that cover great swathes of Scotland?

Derek Mackay: I would consider a change to the formula only if COSLA—local government, in other words—wanted me to. Should not that be welcomed by members who believe in partnership and engagement with local authorities? They determine the funding formula, which has partnership working in it, and I do not propose to change that.

If I did more for rural areas, urban councils would say that there was a deprivation argument; every council leader—32 out of 32—could present a case for how the formula could be changed to suit them. That is why we do it collectively and in partnership. I propose to maintain that structure.

Incidentally, if we look at the totality of resources to support local services, Highland Council enjoyed a real-terms increase in the current financial year.

Private Finance Initiatives and Public-Private Partnerships (Payments)

7. Kenneth Gibson (Cunninghame North) (SNP): To ask the Scottish Government by how much PFI/PPP payments will increase in 2018-19, given that such payments and index-linked bonds include charges that increase with inflation. (S5O-01590)

The Cabinet Secretary for Finance and the Constitution (Derek Mackay): The total estimated private finance initiative unitary charge payments for 2018-19 will increase by almost £19 million, which will take the total figure for that year to more than £1 billion.

Kenneth Gibson: Does the cabinet secretary agree that inflation exacerbates the year-on-year increases in charges, which shows the folly of Labour, Lib Dem and Tory support for PFI?

Derek Mackay: Yes. PFI is a burden that we have to live with and pay for, which is why the SNP Government's financial models have been much better for the public purse and for the quality of public services.

Jackie Baillie (Dumbarton) (Lab): Unitary charge payments apply to PFI/public-private partnership and to non-profit-distributing model projects that have been brought forward by the Scottish National Party Government. Last week, the Public Audit and Post-legislative Scrutiny Committee took evidence from the Scottish Government and the Scottish Futures Trust about changes to classification of capital projects as a result of "European system of accounts: ESA 2010", and we now know that the Scottish Government has to borrow almost £1 billion to

cover the projects that are on the balance sheet. Does the cabinet secretary share my concern that that is an opportunity lost and that other capital projects have been delayed as a consequence?

Derek Mackay: That is absolutely not true. I look forward to setting out an exciting, bold, ambitious and transformative capital investment programme tomorrow.

Departmental Spend (Outcomes)

8. **Ivan McKee (Glasgow Provan) (SNP):** To ask the Scottish Government what it is doing to ensure that departmental spend is delivering the most effective outcomes in terms of the national performance framework indicators. (S5O-01591)

The Minister for Parliamentary Business (Joe FitzPatrick): The national performance framework sets out the Government's priorities. The programme for government sets out the actions that the Scottish Government will take over the next year to progress those priorities and the draft budget sets out the funding arrangements.

The Scotland performs website is the reporting tool for the NPF. It provides a continually updated, impartial and transparent stocktake across a diverse range of economic, social and environmental indicators. In addition, to support the parliamentary committees in scrutinising the draft budget, we provide performance information to demonstrate the interrelationship between the Government's priorities and spending plans.

Ivan McKee: The minister will be aware that the NPF is internationally acknowledged to be a world-leading process for measuring success in public service delivery. Does he agree that continuing to ensure the link between public sector spend and the delivery of measurable performance is the right approach and in accord with the principles determined by the Christie commission?

Joe FitzPatrick: Yes, I do.

The Deputy Presiding Officer: That is brevity for you.

Economy, Jobs and Fair Work

The Deputy Presiding Officer: Question 1 has not been lodged for reasons that were explained.

Town Centres (Support to Attract Businesses and Jobs)

2. **Fulton MacGregor (Coatbridge and Chryston) (SNP):** To ask the Scottish Government how it supports local authorities in attracting businesses and jobs to town centres. (S5O-01595)

The Minister for Business, Innovation and Energy (Paul Wheelhouse): The Scottish

Government is committed to revitalising our town centres by stimulating inclusive economic growth and supporting opportunities to attract investment. We are working with local authorities to deliver plans that attract a range of businesses and services to town centres and that work is supported by a number of initiatives.

Those initiatives include the town centre action plan, which is helping to stimulate a wide range of activity in our town centres. The "Town Centre Action Plan—Two Years On" report was published in February 2016. The town centre first principle recognises that town centre locations are not always suitable, but asks that the rationale for locating projects or investments elsewhere is evidenced and transparent. Finally, Scotland's Towns Partnership has been funded to facilitate activity and to share and promote learning from activity happening at local level.

In addition, Scotland's business rates package is the most attractive in the United Kingdom, with total rates relief of around £660 million in the current financial year and more than 100,000 premises benefiting from the small business bonus scheme, including more than 4,000 in North Lanarkshire.

Fulton MacGregor: Just last week, I held the second in my series of town centre regeneration meetings for Coatbridge town centre. There is a lot of goodwill towards the town centre and a strong desire for it to thrive again, but no single stakeholder seems to have the levers or strategy to make all the necessary changes. What measures are in place to help communities, including local authorities, elected representatives, parliamentarians, local businesses, community groups, private owners and other stakeholders to form strategy groups that are interested in working together to improve town centres?

The Deputy Presiding Officer: I remind everyone that it is useful to have short questions and relatively succinct answers.

Paul Wheelhouse: The Parliament has a cross-party group that focuses on these issues and that is one way in which parliamentarians can engage in the agenda.

Scotland's Towns Partnership, which I referred to briefly in my original answer, is an excellent source of advice and information for newly established strategy groups that are identifying the next steps for town centre improvements. We have established STP as the go-to body for all town centre activity in Scotland, because we recognise the need for dedicated support for town centres.

The town centre toolkit, which is hosted on the STP website, gives communities information and advice on how they can make their town centres

more attractive, active and accessible, and strategy groups might also wish to use the understand Scottish places data tool, which is an online platform that is designed to help users to better understand the function of towns in the modern era. It provides the opportunity to compare and contrast towns across Scotland to learn from good practice.

The Deputy Presiding Officer: I do not know what succinct means any more. I call Dean Lockhart.

Dean Lockhart (Mid Scotland and Fife) (Con): I will try my best, Presiding Officer.

I note the series of measures that the minister described. Why does Scotland have the highest number of empty shops in the UK? Could it be the business rates? Could it be the large business supplement?

Paul Wheelhouse: We have a competitive business rates package in Scotland and, as has been demonstrated by the Cabinet Secretary for Finance and the Constitution, we are making every effort to listen to representations that were made to the Barclay review and to tailor the rates package. The budget tomorrow will set out more detail of the Government's plans to support businesses at the local level but we have a wide range of tools in our locker to help small businesses. Through our support for the enterprise and skills review, we are encouraging businesses to engage with the enterprise agencies and to gain support.

The Scottish Government uses a range of measures to help small businesses and our town centres. The advice that I gave to Mr MacGregor, and what will be set out in the budget tomorrow, form a complete package of support to help the small business community.

European Structural Funds and Regional Policy (Discussions)

3. John Mason (Glasgow Shettleston) (SNP): To ask the Scottish Government what discussions it has had with the United Kingdom Government regarding European structural funds and regional policy after Brexit. (S5O-01596)

The Cabinet Secretary for Economy, Jobs and Fair Work (Keith Brown): On 7 December, I met David Mundell, the Secretary of State for Scotland, and asked him to confirm the UK Government's position on whether it was committed to supporting deals across Scotland and for engagement on the industrial strategy.

On 16 November, I had a discussion with Greg Clarke, the Secretary of State for Business, Energy and Industrial Strategy and, on 15 November, I also discussed the industrial strategy

with Ian Duncan at the latest Scottish business growth group meeting.

As for European structural funding, on 6 October I met the Economic Secretary to the Treasury, Stephen Barclay, and stressed how vital it is that a sustainable replacement for the funding is put in place.

I will continue to press the UK Government to engage with us so that we can deliver the best outcome for Scotland. Whatever form future funding arrangements take, the UK Government must provide Scotland with no less than the current level of funding that we receive, and the autonomy over that funding that we need in order to align it to Scottish priorities.

John Mason: I commend the cabinet secretary on his workload. Does he agree with the Industrial Communities Alliance that older industrial Britain, which includes not only Scotland but the north of England, the midlands and elsewhere has benefited greatly from the structural funds and would have a real problem if the UK did not continue them?

Keith Brown: I agree. Some £395 million of European structural funding has already been committed, matched by more than £500 million from Scottish partners, giving a total investment of £900 million. As John Mason said, that money is crucial to those communities that he has talked about.

On 29 November, in Edinburgh, I joined many of those who have benefited from that support to celebrate and promote the progress of projects to date. At that event, I heard about, for example, Zero Waste Scotland using a grant of £30 million to support the resource-efficient circular economy accelerator programme, which supports more than 2,000 small and medium-sized enterprises and organisations in the community sector. Projects that are involved in that include the restoration of a community centre in Papa Westray in Orkney and the replacement of an inefficient bakery oven in the Little Bakery in Dumfries. Details of the second phase of funding will be announced in the new year.

Living Wage (Support for Employers)

4. Mairi Gougeon (Angus North and Mearns) (SNP): To ask the Scottish Government how it encourages employers to pay at least the living wage to under 25s. (S5O-01597)

The Minister for Employability and Training (Jamie Hepburn): Accredited living wage employers who pay the real living wage are paying that to all staff aged 18 and over.

In Scotland, we now have proportionately more than five times as many accredited living wage

employers as in the rest of the United Kingdom, which is testament to this Government's commitment to making Scotland a living wage nation. We are supporting the Poverty Alliance by increasing funding for the Scottish living wage accreditation initiative to £336,000 this year, and are working with it and its leadership group to support its efforts to target low-paid sectors.

Mairi Gougeon: What discussions has the Scottish Government had with the UK Government on including those under the age of 25 in the national living wage, given that they continue to be discriminated against by that Government? What actions is the Scottish Government taking to support young people into positive destinations, especially in light of the year of young people next year?

Jamie Hepburn: Mairi Gougeon has identified three issues. The Scottish Government has ensured that the Scottish welfare fund can be used to help young people who are affected by changes to housing benefit entitlement, which we have opposed.

On the national living wage, the first thing to emphasise is that it is a con trick—it is not the living wage that was set out by the living wage commission. Nonetheless, it being a statutory process, the Scottish Government has, in its responses to the Low Pay Commission, set out proposals to decrease the differential between the youth and apprentice rates and the adult rate. However, of course, we want the real living wage to be the norm across the board. That is why we set out in our general election manifesto a proposal to make it a statutory requirement and why we continue to promote it.

Ross Greer (West Scotland) (Green): Does the Scottish Government require companies to pay the living wage to all workers, regardless of age, if they wish to receive funding from the enterprise agencies? If not, why not?

Jamie Hepburn: We are working actively with our enterprise agencies to ensure that they are playing their part in the promotion of the real living wage. We take that effort seriously and are leading from the front as an Administration. That approach is paying dividends, which is why, of all the UK nations, Scotland has the highest proportion of its working-age population being paid the living wage or more.

Disability Employment Gap (Targets)

5. **Mark Griffin:** To ask the Scottish Government what plans it has to create targets with specific deadlines to reduce the disability employment gap. (S5O-01598)

The Minister for Employability and Training (Jamie Hepburn): In "A Fairer Scotland for

Disabled People", which was published in December 2016, the Scottish Government set a target to at least halve the disability employment gap. We are working with stakeholders to develop the timetable, along with further actions to be taken to achieve our ambitions for disability employment. We will set out more detail at the major congress on disability, employment and the workplace that is planned for early 2018.

Mark Griffin: Looking ahead to the new devolved services, what on-going engagement has the minister had with the third sector since the decision was made to award just 20 per cent of the contracts to bids led by the public and third sectors? Is he assured that the supply chain providers can afford to deliver a high-quality service when the private sector has such a substantial role?

Jamie Hepburn: Our new employment programme, fair start Scotland, which will begin in April 2018, is delivered by a range of partners. Contrary to the impression that Mark Griffin has given, when we look at the global value of the nine contracts awarded, we see that some 95 per cent of the value of those contracts involves the third sector, either as the main contract holder or as the delivery agent of a main contract holder, so the third sector has a significant role to play. I am confident that the programme will be a success and I continue to engage with the third sector and with all those who have an interest in ensuring that people have the chance to get employment in Scotland.

Clare Adamson (Motherwell and Wishaw) (SNP): The minister mentioned the new transitional employability services of the Scottish Government. Work first Scotland and work able Scotland have, in their first six months, helped more than 3,500 disabled people into work. Does the minister agree that those programmes are both effective in dealing with disabled people in a dignified way?

Jamie Hepburn: Our ambition, through both our transitional arrangements and our longer-term approach, is to ensure that all people who utilise our employment programmes are treated with dignity and respect, irrespective of whether they have a disability. We set out an ambition of supporting up to 4,800 people into work through our transitional programme this year. As Clare Adamson has correctly pointed out, we are halfway through that initiative and already that effort has supported some 3,500 people.

Workforce Productivity (Action)

6. **Brian Whittle (South Scotland) (Con):** To ask the Scottish Government what action it is taking to increase workforce productivity. (S5O-01599)

The Cabinet Secretary for Economy, Jobs and Fair Work (Keith Brown): Scotland's labour productivity growth has outstripped the United Kingdom's in recent years. Gross domestic product per hour worked has increased by 6.6 per cent in Scotland since 2007, compared with 0.8 per cent for the UK as a whole. The Scottish Government recognises that improving the productivity of our workforce is a central driver of inclusive economic growth. That is why we are taking forward a range of programmes, such as our investment in skills, developing the young workforce, addressing inequalities in our workforce, and the fair work agenda. Through the enterprise and skills review, we have also established a clear, forward-looking agenda to improve the system of enterprise and skills support in Scotland and to make a substantial and valuable contribution to increasing our productivity and broader economic performance. I hope that those actions and the progress thus far will be welcomed by the member.

Brian Whittle: The cabinet secretary will be aware of the impact of poor physical and mental health on productivity, so strategies such as the mental health strategy and the obesity and diet strategy can have huge implications for the nation's productivity. With that in mind, what input does the cabinet secretary's team have across other portfolios?

Keith Brown: We make regular contributions at Cabinet level among Cabinet colleagues, and also between ministerial colleagues. The mental health strategy is much more in the portfolio of my colleague Maureen Watt. If the member has any particular questions on that I would be happy to furnish him with answers, but he can be assured that there is regular collaboration between Cabinet ministers and ministers across portfolios.

Seasonal Skilled Labour (Discussions)

7. **John Scott (Ayr) (Con):** I declare an interest as farmer.

To ask the Scottish Government what discussions it has had with the UK Government regarding establishing schemes that aim to attract more seasonal skilled labour across all sectors, such as the former seasonal agricultural workers scheme. (S5O-01600)

The Minister for Employability and Training (Jamie Hepburn): The United Kingdom Government's position on migration post-Brexit is likely to have a major impact on the availability of labour, not just seasonal skilled workers but across the board in both high and low-skilled jobs. That is one of the reasons why the Scottish Government is lobbying the UK Government hard to maintain membership of the single market, with its associated free movement of citizens. Scotland

values the contribution that temporary workers and the migrant community make to our economy and we are determined to do what we can to continue the current arrangements.

John Scott: The minister is aware that there is an emerging difficulty in attracting skilled labour to work in our food processing, tourism and agricultural sectors, as well as in other sectors. How does he intend to address that clearly defined and growing problem, which is currently driven by the fall in the value of the pound against the euro and threatens to undermine the future success of our tourism and food and drink sectors?

Jamie Hepburn: I am rather surprised that that question comes from a member on the Conservative benches, given the great pressure that is being caused as a result of his party's shambolic handling of the Brexit process.

As I set out in my initial answer, we continue to lobby the UK Government hard, to ensure that we can continue to access the skilled labour from elsewhere in Europe that we will require for our economy. Of course, we cannot rely on just that, and we certainly cannot rely on the UK Government in that regard. I take the matter very seriously, as I know Fergus Ewing, the Cabinet Secretary for the Rural Economy and Connectivity, does. There is engagement between sector skills councils and Skills Development Scotland. If more can be done to ensure that we have the skilled workforce that we need for those sectors, we will work towards that. Indeed, I have already seen examples of that happening. Recently, I was up in Argyll and Bute, where I saw the local college actively engaging with the agricultural community to ensure the supply of a skilled workforce in future.

Orkney and Shetland Economies (Support)

8. **Liam McArthur:** I offer my apologies for my slightly late arrival for portfolio question time.

To ask the Scottish Government what immediate action it is taking to support the economies of Orkney and Shetland. (S5O-01601)

The Cabinet Secretary for Economy, Jobs and Fair Work (Keith Brown): The Government is committed to promoting economic growth across all our communities, including those in Orkney and Shetland. Our substantial investment in infrastructure, regeneration and business support helps to deliver inclusive growth and economic resilience, creating and retaining jobs in communities across the northern isles. For example, the 2016 Scottish National Party manifesto contained a commitment to take action to reduce fares on ferry services to Orkney and Shetland. The Government is delivering on that commitment, and that is our priority.

On 22 August 2017, the Minister for Transport and the Islands announced our intention to introduce reduced passenger and car ferry fares on services from the mainland to Orkney and Shetland in the first half of 2018. The fares options identified are, in line with the Clyde and Hebrides ferry network, to offer road equivalent tariff on the Pentland Firth routes and a variant of RET on the longer Aberdeen to Kirkwall and Lerwick routes. The average reduction in fares across the northern isles will be more than 30 per cent for cars and 40 per cent for passengers.

Liam McArthur: I thank the cabinet secretary for his answer, and I certainly acknowledge and welcome the decision, albeit belated, on cheaper ferry fares on the external routes. However, as a former Minister for Transport and Veterans, the cabinet secretary will be aware how crucial to the local economies in Orkney and Shetland are our internal ferries, which are a lifeline to the smaller islands in both constituencies. When will the Scottish Government honour the commitment that it made in 2014 to provide fair funding for those lifeline services?

Keith Brown: As the member mentions, we made that commitment as long ago as when I was transport minister, and directly to the councils involved. The present Minister for Transport and the Islands has carried that through in the discussions that he and the Cabinet Secretary for Finance and the Constitution have had with the relevant local authorities. It is right that those discussions are allowed to take place. The particular needs of the islands as regards internal ferry services are matters that have, quite rightly, been the preserve of those islands' authorities. The extent to which the member would like to see further support from the Scottish Government is rightly a matter for discussion between the parties involved. It may be that further progress can be made on that, depending on how the budget discussions go. It will be for the Cabinet Secretary for Finance and the Constitution to talk about in his budget proposals and for the Opposition parties to play their part, by making their own suggestions and seeing where they can support the Scottish Government's budget.

Jamie Halcro Johnston (Highlands and Islands) (Con): Given the Cabinet Secretary for Finance and the Constitution's protestations during and since last week's debate on fair ferry funding for Orkney and Shetland's internal ferries, will the cabinet secretary confirm that it is still normal protocol for the Scottish Government to put its own commitments into its own budget, rather than relying on Opposition parties to do so on its behalf?

Keith Brown: I know that the member was not here at the start of the parliamentary session, but

this is a minority Government and a Parliament of minorities and, in that context—just as at Westminster—people have to have discussions and sometimes even make compromises. That is why it is important that Opposition parties play their full part in the budget process. The implication in the member's question is that his party wants to play no part in the Parliament's budget process. That is its entitlement, but I think that it will lose out, as will its local electors, if it does not take part in the process.

Improving Productivity (Progress)

9. **Colin Beattie:** To ask the Scottish Government what progress it is making in improving productivity across the country. (S5O-01602)

The Cabinet Secretary for Economy, Jobs and Fair Work (Keith Brown): As I have mentioned previously, Scotland's labour productivity growth has outstripped that of the United Kingdom in recent years. The most recent data shows that gross domestic product per hour worked has increased by 6.6 per cent in Scotland since 2007, compared with 0.8 per cent for the UK. We have also improved our ranking against other Organisation for Economic Co-operation and Development countries in that time.

We believe that all areas of Scotland will make a vital contribution to improving our productivity. That is why we are working with partners across Scotland to improve our performance. For instance, we are making substantial investments in improving transport connectivity across the country. We have committed up to £1.08 billion over the next 10 to 20 years for city deals in Glasgow, Aberdeen, Inverness and Edinburgh—the biggest funder of city deals in Scotland. We are working with other city regions to develop proposals and we have committed to establishing new regional economic partnerships, representing every community in Scotland.

Colin Beattie: Does the cabinet secretary agree that without such an improvement in productivity, income levels in Scotland might not develop to the extent that we would like?

Keith Brown: I think that is true. Improving our productivity is central to delivering sustainable and inclusive economic growth and to increasing wages and incomes across Scotland. That is why we are taking the actions that I mentioned. Vital components of increased productivity relate to innovation, management capacity, the skills of our workforce and the investment that the Government makes. We are trying to take action on all those fronts to increase productivity.

Finance

The Deputy Presiding Officer (Christine Grahame): The next item of business is a debate on motion S5M-09513, in the name of Murdo Fraser, on finance. I call Murdo Fraser to speak to and move the motion. Mr Fraser, you have 13 minutes or thereabouts.

14:41

Murdo Fraser (Mid Scotland and Fife) (Con): In last week's debate on ferries in the northern isles, the Minister for Transport and the Islands, Humza Yousaf—the leader-in-waiting of the Scottish National Party—said of the SNP Government:

“we intend to honour the commitments and promises in our manifesto.”—[*Official Report*, 6 December 2017; c 67.]

I welcome that very clear commitment from such a leading light in the SNP. Sitting right beside Mr Yousaf throughout that debate was the Cabinet Secretary for Finance and the Constitution, Derek Mackay, enthusiastically nodding along to everything that Mr Yousaf had to say. I am sure that all SNP members in the chamber, from Mr Mackay downward, will welcome the opportunity that the Conservatives are giving them this afternoon to affirm the very clear commitment in their manifesto on income tax. The wording in the SNP manifesto could not have been clearer. It stated:

“We will freeze the Basic Rate of Income Tax throughout the next Parliament to protect those on low and middle incomes.”

That is the exact wording of our motion and I trust therefore that every single SNP member in the chamber will vote today to fulfil their manifesto commitment.

Of course, it was not just in the manifesto that the commitment was made. Just before the election in 2016, the First Minister said:

“No taxpayer will see their bills increase as a result of these Scottish Government proposals.”

On 30 April last year, she said:

“we are not going to increase tax for low and middle income earners because transferring the burden of austerity on to their shoulders is not the right thing to do.”

It was not just the First Minister who said that. The Deputy First Minister told the Parliament:

“I want to say to teachers and public service workers the length and breadth of the country ... that I value the sacrifices that they have made, and that the last thing that I am going to do is put up their taxes.”—[*Official Report*, 3 February 2016; c 19-20.]

In fact, the SNP said 53 times—we counted them—that the basic rate should not go up. It

could not have been clearer. The last thing that the SNP was going to do was put up taxes for those on the basic rate, and yet, if all the press speculation is to be believed, that is exactly what it is considering for tomorrow's budget.

In the Scottish Parliament election last year, the question of tax was right at the centre of the debate. Of the parties that stood for election, there were two—ourselves and the SNP—that pledged no increase in the basic rate of tax. Between us, our two parties—the taxpayers alliance of the Scottish Parliament—achieved 65 per cent of the regional list vote. Sixty-five per cent of Scots—nearly two thirds—voted for parties opposing any increase in the basic rate of income tax.

Let us remember that the First Minister is very fond of describing the 62 per cent of Scots who voted remain in the European Union referendum last year as an “overwhelming majority”. On that basis, the 65 per cent who voted against basic rate income tax rises must be an even more overwhelming majority.

Let us be quite clear. There is absolutely no mandate from the Scottish people for any increase in the basic rate of income tax, however it is brought about. Nearly two thirds of Scots opposed that just 20 months ago.

James Kelly (Glasgow) (Lab): Murdo Fraser talks about mandates. Does he think that there is a mandate for swingeing public service cuts?

Murdo Fraser: No, because the Scottish Government's budget is going up. We will come to that in due course.

It is all very well for Labour members of the Scottish Parliament to make points about budgets, spending and taxes. It is all right for them, with their second jobs—earning six-figure salaries for three weeks' work on the other side of the world. They cannot teach the rest of us what it is like to struggle on low incomes. Only the Conservatives understand what it is like for the workers who do not have the benefit of those second jobs and telephone-directory salaries.

The finance secretary himself gave some reassurance earlier this year. Back in February, he said:

“I am determined to stay true to our income tax proposals, not only because I believe that a vast number of the Scottish electorate support them but because I believe that they will deliver the best outcome for the Scottish people at this time.

The clear vision that we set out for income tax last March remains as stated—it is to protect low and middle-income taxpayers.”—[*Official Report*, 21 February 2017; c 32.]

All the messages from the SNP on the issue for the past two years have been crystal clear. The message was clear in the SNP manifesto. It was

clearly stated by the First Minister, it was clearly stated by the Deputy First Minister and it was clearly stated by the finance secretary. Those who pay the basic rate of tax—low and middle-income earners—should see no increase in the tax that they are being asked to pay.

Because I am, at heart, a generous soul, and I always like to see the best in people, I can only assume—

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

Murdo Fraser: Not at the moment.

I can only assume that the finance secretary and his colleagues are not about to tear up their manifesto and renege on all the promises that they have made. I can only assume that they want to protect low and middle-income earners, as they promised to do, and that at decision time they will therefore have no hesitation in supporting our motion, which quotes directly from the SNP manifesto.

I absolutely agree with the principle that we should help the lowest paid. That is precisely why a Conservative Government at Westminster is aiming to double the personal allowance, which has increased from £6,475 in 2010-11 to £11,500 in 2017-18. That has cut income tax for the lowest-paid basic rate taxpayers by more than £1,000. It has lifted hundreds of thousands of the lowest paid out of tax altogether. We reject the notion that those who have been helped in that way should be hit with tax rises.

Neil Findlay: How does it protect the low paid to require women who have been raped to declare that so that they can get tax credits.

Murdo Fraser: I am not sure what tax credits have to do with this debate. Mr Findlay—

Neil Findlay: Answer the question.

Murdo Fraser: Mr Findlay is feeling a bit bashed after my earlier comments about his colleague. If he is concerned about people paying taxes, he should start a bit closer to home.

There is no necessity for tax increases, despite the rhetoric that we heard from the SNP. The Scottish Parliament information centre has undertaken an analysis of the Scottish Government's budget, which shows that, far from being cut, the budget is going up in real terms from this year to the next. I am surprised that the Government amendment refers to the Fraser of Allander institute, because the analysis that the institute published on Tuesday makes it clear that

"the Scottish Government's total block grant (resource and capital but excluding financial transactions) is on track to increase by around 1% between 2016-17 and 2019-20."

We know that the finance secretary does not like that. It is the wrong sort of money. He does not like talking about capital or the total budget. However, capital—in case the finance secretary did not know this—can be spent on infrastructure, such as school buildings, hospitals and broadband projects, to help to grow the economy. One would think that the Scottish Government would welcome all that extra money.

The finance secretary rather fell over himself earlier today during finance questions, when he said that his discretionary spend has been cut. Capital forms part of his discretionary spend. It is not his discretionary spend that has been cut; his discretionary spend is going up, according to SPICe and the Fraser of Allander institute.

This is a Government that has more money to spend, and yet it is threatening to raid the pockets of hard-working families across the country.

Tom Arthur (Renfrewshire South) (SNP): Will the member give way?

Murdo Fraser: Oh, well—here we go. We will find out whether Mr Arthur is standing by his manifesto.

Tom Arthur: Does Murdo Fraser accept the analysis of the independent and highly respected Fraser of Allander institute that the Scottish Government's resource budget—the budget that pays public sector wages—is being cut by half a billion pounds in real terms over the next two years? Who is correct—Mr Fraser or the Fraser of Allander institute?

Murdo Fraser: I wonder whether Mr Arthur was paying attention to what I said a few minutes ago. I have just quoted from the Fraser of Allander institute, which said that the budget is going up over the next three years. Mr Arthur is taking a line from the Cabinet Secretary for Finance and the Constitution—it is the wrong sort of money. You would think that they would be grateful for the money that they are getting.

Just last month, the SNP published "The Role of Income Tax in Scotland's Budget". I commend the finance secretary for it—[*Interruption.*] I am being told "no props"—sorry, Deputy Presiding Officer. I commend the finance secretary for it, because it is a thoughtful and considered piece of work, which sets out a number of options to increase the tax burden. It comes down to four positions, but three out of those four positions would see basic rate taxpayers hit with higher taxes. That is despite the paper admitting that increases in the basic rate would cut consumer spending and damage the economy.

It is no wonder that every business organisation in Scotland has lined up to oppose further income

tax rises. The Scottish Chambers of Commerce said:

“A high-tax Scotland would be easy to achieve but the damage could take years to repair.”

The Confederation of British Industry Scotland said:

“Moves which would make Scotland less competitive or less attractive must be avoided at all costs.”

The Federation of Small Businesses' survey found that 79 per cent of business owners do not want higher income tax in Scotland. The Scottish Retail Consortium and Scottish Engineering have warned about a negative economic impact from higher tax rises, and even Business for Scotland, the pro-independence SNP-supporting front organisation, has condemned that move. If the Government will not listen to us, perhaps it needs to listen to Business for Scotland. I would not listen to it on anything else, but the Government should listen to it on income tax.

I cannot help but notice that we have seen a real change in direction from the SNP. When Alex Salmond was First Minister, many businesses in Scotland supported the SNP, but under Nicola Sturgeon the SNP is losing the trust of the business community. This week, both Jim McColl and Sir George Mathieson, two respected business leaders who have previously advised the Scottish Government and were enthusiastic SNP supporters, have warned against more tax rises.

There is an alternative approach, and that is exactly what the Scottish Conservatives are proposing. First, we have to start eliminating waste: we have seen the Scottish Government spend £190 million on a computer system for farm payments that is simply not delivering; we see £170 million spent annually on agency staff in the national health service—a bill that could be substantially reduced with better workforce planning—and we see that the cost of bed blocking in the NHS is now £132 million a year.

The second thing that the Government needs to do is to cut out the vanity projects and unnecessary programmes. We do not need to throw public money at a citizens income pilot scheme, when everybody knows that it is a policy that will never be implemented; we need to scrap the toxic and discredited named person policy that is soaking up millions in training and legal fees; and we need to get rid of the vanity project that is baby boxes—something that is all about providing photo opportunities for SNP ministers, has no proven health benefits, was denounced by the SNP's own poverty advisor as no more than a “gimmick” and will cost £35 million over the next four years.

Above all, we need to grow our economy. We are currently growing at one third of the United

Kingdom rate. We would have more tax revenue to spend if we could match UK rates of growth, or even exceed them. The Fraser of Allander institute said that if we could grow the Scottish economy by just half a per cent more than the UK average, over the course of a decade we would have an extra £1 billion in tax revenue to spend. The Scottish Government should be concentrating its efforts on that, not on increasing the tax burden on hard-working families.

This debate is about something very simple. It is about whether politicians can be trusted to keep their promises. The SNP manifesto was clear that the basic rate of income tax would be frozen throughout the parliamentary session to protect those on low and middle incomes. That is exactly the wording of our motion, and I trust that there will not be a single SNP member in this chamber who will have the gall to vote against their own manifesto commitment.

I am pleased to move the motion in my name,

That the Parliament calls on the Scottish Government to freeze the basic rate of Income Tax throughout the current parliamentary session to protect those on low and middle incomes.

[Applause.]

The Deputy Presiding Officer: I could not hear whether you moved the motion. Did you move it?

Murdo Fraser: It got lost in the noise, but I did, Presiding Officer.

14:55

The Cabinet Secretary for Finance and the Constitution (Derek Mackay): I am very mindful of what the Presiding Officer said about props but, like Murdo Fraser, I have brought my own. It is a discussion paper, which, in fairness, has been very well received by economists and commentators for its methodology and principles. People may take a different view on the illustrative approaches in the document, but it is reassuring that, as the Parliament's powers mature, people engage constructively and in a way that is well informed.

There is also something to be said about Parliament engaging in how it uses its powers before it takes these decisions. I agree with Murdo Fraser that we need to grow our economy—that must be central to what we do, and we must do that in a sustainable way—but he should also grow up a wee bit in how he engages in this exercise. He knows only too well that the resources that we have to spend on day-to-day front-line services have gone down and that they will go down as a consequence of the UK budget by £200 million next year and by £500 million over two years. That is the reduction in the resource

figure—the resources to be spent on front-line day-to-day services.

Murdo Fraser also knows that a large chunk of the capital figure that he talked about is financial transactions. Those are loans that have to be paid back to the Treasury. Of the figure that Murdo Fraser has cited, £1.1 billion is financial transactions—I do not know why he is shaking his head, because that is a true figure.

Murdo Fraser: Will the cabinet secretary give way?

Derek Mackay: Let me make some progress, and then we can engage—we are only two minutes in.

The Tories' proposition about trust was very interesting. Given what the UK Government says and does, the words "trust" and "Tories" do not usually go hand in hand. We also got a taster of an alternative budget from Murdo Fraser that abandons the baby box. What do the Tories have against giving children the best possible start in life?

Murdo Fraser talked about vanity projects. I remember when the Tories spoke in those terms about the Queensferry crossing which, of course, was delivered by this Government. The member suggested that we do not pay out the farm payments. [*Interruption.*] I am sure that I heard a Conservative say that that was a point of criticism, too.

Murdo Fraser provided just a taster of the priorities in the minds of the Conservatives. What they have delivered is austerity which, incidentally, was not supported by a majority of people in Scotland. The member talks about reflecting the choices of the people, but the people have not supported the Conservatives' in-principle austerity over a number of years. Since the UK Conservatives came to office, austerity has amounted to a £2.6 billion real-terms reduction to our resource spending. That is equivalent to the entire amount of non-domestic rates income that Scotland achieves every year, so I will take no lectures—

Murdo Fraser: Is the cabinet secretary still committed to his manifesto pledge on tax? A simple yes or no will suffice.

Derek Mackay: I know that Murdo Fraser, like an impatient child, is eager to know what my budget says. In accordance with parliamentary procedure, and what the chamber expects, I will outline our tax proposition tomorrow when I present the draft budget. It will be set within that challenging context of a reduction of half a billion pounds over two years, which is a figure that has been verified by the Fraser of Allander institute. The Conservative front benchers know only too

well that they cannot spend capital resources on front-line resource demands such as teachers pay or a range of other front-line services.

As well as the reduction in Scotland's budget, we have the stealth reductions and the stealth austerity in welfare and a range of other areas, including Scotland's unfair treatment on VAT for police and fire services. I welcome the fact that the UK Government has changed its mind on that. We were told that it was the strength of the Scottish Tory MPs that brought that about, but it turns out that the UK Government's decision suits a number of English authorities that are converging, too. If the Tories are so strong, are they lobbying for us to get back the £140 million that has been taken from Scotland's emergency services? We want that payment to be backdated so that the money can be used to support our public services.

We still hear about the control that the Democratic Unionist Party has over the UK Government. Where is our share of the bung of more than £1 billion that was given to the DUP by the UK Government? With the UK Government, we have continued austerity, sluggish UK-wide economic growth, the unpredictability of Brexit and the impact that that will have on the UK and Scottish economies, and issues with productivity. It is clear from all that that the Conservatives' priority is not to grow our economy—the Tories are the biggest threat to the economy in Scotland.

The Tories talk about taxes, but the only tax cuts that they want are for the richest in society: those who own the higher-value properties, those who have the bigger businesses and those who pay the most tax. They are the people for whom the Tories want tax cuts, not low and middle-income taxpayers; the Tories do not have them in mind at all.

Jamie Greene (West Scotland) (Con): It is very clear that the cabinet secretary has no desire to take our advice, so why does he not take the advice of Scottish Chambers of Commerce, CBI Scotland, the FSB or the Scottish Retail Consortium, which represent real businesses that employ real people who do not want taxes to go up in Scotland? What does he have to say to them?

Derek Mackay: Tomorrow, I will have a great many things to say about the draft budget. Our consultation paper, which was welcomed by the organisations that Mr Greene mentioned—and many others, for that matter—set out four tests that we would aim to meet in delivering a tax proposition. The first was about protecting and promoting our public services. We do not just talk about that; we deliver it. The others were about protecting earners on lower incomes, using the tax system in a progressive fashion, and protecting and promoting the economy. The issue is also

about how we spend resources. I will, of course, engage with the business community and put forward a proposition that supports our economy so that we have a vibrant, dynamic and thriving country, and one that people want to live, invest and work in.

We are doing that work in the face of the UK Government's austerity. We are investing more in our public services, we are protecting our NHS and we are ensuring that we maintain the social contract, which is about free education, no prescription charges, expanding childcare and supporting free personal care. That is the kind of country that we want to build. We have the wellbeing of our people foremost in our minds when we make our decisions.

Adam Tomkins (Glasgow) (Con): Will the cabinet secretary give way?

Derek Mackay: I want to make progress.

Economic development has been touched on. It is a fact that spending on economic development per head of population is higher in Scotland than it is in the rest of the UK.

Dean Lockhart (Mid Scotland and Fife) (Con): Will Mr Mackay give way?

The Deputy Presiding Officer (Linda Fabiani): The cabinet secretary is about to close.

Derek Mackay: I simply say this to the Conservatives: we will put forward a proposition that delivers fairness and progressivity in our tax system. I have engaged constructively. This is an important time for the Parliament, when it must act maturely and constructively. All that I hear from the Conservatives is that they want to raise less and spend more. It just does not add up. We will put forward a credible proposition that inspires the people of Scotland.

I move amendment S5M-09513.4, to leave out from "calls" to end and insert:

"notes the continuation of austerity from the UK Conservative Government and the post-UK budget commentary from the independent Fraser of Allander Institute, which said that 'by 2019-20 the resource block grant will be around £500 million lower than in 17-18', and acknowledges that the Scottish Government will bring forward its tax and spending plans with the publication of the Draft Budget 2018-19 on 14 December."

15:04

Richard Leonard (Central Scotland) (Lab): It is a bit rich for the Tories to come here this afternoon, claiming to be the guardians of working people on low and middle incomes. It is one of the great illusions of conservatism down the ages: in shifting the burden of taxation from the rich to the poor, the Tories present it as cutting taxes for all. They parade it as being a measure for the

common good when it really benefits the richest people in society. They claim to be the party of low tax for all when in practice they connive to redistribute income and wealth from the already worse off to the already better off.

Why was the Tory party not thinking about low and middle-income earners when it increased VAT—a regressive tax that disproportionately hits those on low earnings—to 20 per cent? Why was it not thinking about low and middle-income earners when it cut the top rate of income tax for high earners from 50 to 45 per cent? Why was it not thinking about low and middle-income earners when it cut capital gains tax and the stamp duty paid on shareholder dividends and bond yields? Where were these guardians of working people when the first Panama papers—and now the paradise papers—revealed tax avoidance and tax evasion on an industrial scale?

To the Tories moving the motion, I ask—no, I demand—that they tell us what their Government is doing about the tax evasion and tax avoidance scandal. Is it increasing the resources for tackling tax evasion and tax avoidance—or is it instead axing the jobs of tax recovery staff at Her Majesty's Revenue and Customs and closing their offices across the country?

Murdo Fraser: I do not know whether Mr Leonard is aware of this, but the tax gap in the UK is narrower today than it was when his party was in government. Will he apologise for his Government's record in dealing with tax avoidance?

Richard Leonard: Under the last Labour Government, there were a great deal of international attempts to close tax gaps, and it is just a pity that since Mr Fraser's party came to power all that effort has been resiled from. The Panama papers and the paradise papers speak for themselves.

Why, on the question of tax evasion and tax avoidance, do the Tories appear to be on the side of the rich, high-wealth individuals and corporations that do not pay their fair share?

I also want to ask the Scottish National Party Government about the representations that it has made to the UK Government on clamping down on tax evasion and tax avoidance.

Derek Mackay: I certainly have engaged with the chancellor on that very matter. However, I want to ask Richard Leonard a question: who is the finance spokesperson of the Labour Party? [*Interruption.*]

The Deputy Presiding Officer: Can we have a wee bit of peace, please?

Richard Leonard: The finance spokesperson of the Labour Party is sitting to my left.

Members: Oh! [*Interruption.*]

The Deputy Presiding Officer: I think that we have had enough hilarity. Can we calm down a wee bit, please, and let Mr Leonard finish his contribution—and that applies to the Labour side of the chamber, too.

Mr Leonard, please continue.

Richard Leonard: In the Tory party press release in advance of today's debate, Murdo Fraser is quoted as saying—and I must get this right—that “punishing and counter-productive taxes” should not be raised in tomorrow's budget. Is he seriously suggesting that income tax is a “counter-productive” tax? It is a fair tax in principle that needs to be more progressively applied in practice—or perhaps the position of Murdo Fraser and his party is that all tax is “counter-productive”. Perhaps he should tell us which forms of taxation the Tories consider to be productive. Is it the poll tax, the bedroom tax or indirect taxes such as VAT?

The current Tory chancellor showed in his budget last month that he is still continuing with the failed austerity agenda, and he now has his sights on the Royal Bank of Scotland. Because of the downgrading of the economic growth forecasts in the red book, Philip Hammond is keen to improve public sector net borrowing by selling off RBS at a bargain-basement price. Why are the Conservative members not on the side of the 321 low and middle-income earners who work in the 62 RBS branches across Scotland that face closure because of the chancellor's action and inaction?

Tomorrow, the Scottish Government will unveil its draft budget, and tomorrow afternoon the people of Scotland will be entitled to ask what the difference is between Philip Hammond's fiscal plans and Derek Mackay's fiscal plans. I have to remind people that, last year, there was very little difference between the two. That is why I simply say to the SNP that it cannot denounce austerity today and do nothing about it tomorrow.

We all know that it is nothing short of a crime that the Tory Government can take money out of public services when it already criminally underresources them. The reality is that, in Tory Britain, more children are living in poverty, more working people are on zero-hours contracts, more people are working harder for less, more people are sleeping rough on our streets, and the people with the least have even less. That is why the people whom we represent know that we need real change, and they are looking for the Parliament to lead that real change.

When the Tories force through austerity across the United Kingdom, the Scottish Parliament can do things differently. It can take a different path,

and we need to do that tomorrow. Now is the time for real and radical change from the Parliament. Now is the time to make the right choices for the people of Scotland, to stand up for the people of Scotland and for the communities that sent us here, to stand up against widening inequality and rising poverty, and to stand up against the trickery of the Conservative Party, which is laid bare in its motion.

I move amendment S5M-09513.2, to leave out from “freeze” to end and insert:

“use its powers to stop cuts to local services and to offer an alternative to Conservative austerity to the people of Scotland.”

15:12

Patrick Harvie (Glasgow) (Green): I am very happy to have the opportunity to take part in the debate. It is not the first time that we have been offered the chance to conduct a preview debate the day before a Scottish budget is published.

However, is this a budget preview debate or a rerun of the 2016 election campaign and all the debates on taxation that took place during it? Murdo Fraser referred to those debates. Surely the key point about the 2016 election is that it resulted in no majority for a single political party. If the five political parties that were elected to Parliament were to spend our time simply digging in our heels and refusing to budge from manifesto proposals, we would achieve nothing. Very little legislation would be passed, tax rates would not be set, budgets would not be possible, and our public services would grind to a standstill. I gently suggest to Murdo Fraser that, if he wanted his voters to understand that he would add their support to the SNP to make a two-thirds majority, the key messages that his party put out in the 2016 election campaign might have been a little different.

We all know what the Conservatives would like: they would like tax cuts for high earners, and they would like to keep repeating debunked claims about Scotland being the highest-taxed part of the UK, almost as though their criticism of grievance politics is little more than self-parody.

The Conservatives would like us to ignore the divisive and destructive austerity agenda that their colleagues are inflicting on the country, and to ignore the wreckage that Brexit threatens. They would like to keep on demanding tax cuts and increased spending at the same time, and to pretend that that is in some way credible or, indeed, to pretend that by saying “Humbug!” to baby boxes, we would transform the Scottish budget.

The Conservatives would like to find a way to convince people that strong opposition means

decrying everything and achieving nothing. More than anything, the Conservatives would like everyone to forget that, in the first session of an SNP minority Government, Conservative MSPs were the SNP's most dependable allies and happily voted in favour of every SNP budget throughout the entire session. That is not an honest approach to budget scrutiny or to politics.

The Green approach has always been, whether under Labour-Liberal Democrat majority Administrations or minority and majority SNP Administrations, to put forward a positive agenda and positive ideas, seeking meaningful change in line with our manifesto commitments, and judging the Government on its actions. That approach, which is both constructive and challenging, has not changed. We will stick to it because it has got results: from the climate challenge fund, which has supported scores of communities across the country to put low-carbon ideas into practice, to new energy efficiency schemes; and from support for greener transport, to last year's historic budget amendment cancelling £160 million of cuts to local services. Those achievements have made a real difference.

However, the debate on tax has seen far less progress than the positive spending ideas that we have put forward—that is, until now. In the 2016 election, the Greens were the only political party to propose a radical package of national and local tax reforms to fund our public services while cutting inequality. While others argued for a penny more or less for the basic rate, which would have affected low-income people, we showed that a better way was possible through adding more rates and bands to the income tax structure.

Last year, the SNP was not persuaded, and the only change that it made to its manifesto proposal was to cancel a modest tax cut that it had planned for high earners. That was not as unfair a proposal as the handout that was given by the UK Government to the wealthy, but it was, nonetheless, unjustified. This year, it is clear that the basic Green proposition of a wider range of rates and bands can allow revenue to be raised while low earners are protected. That argument is winning the day, and Green policy is leading the change that Scotland needs. The Government's recent paper set out a range of such options.

From Labour, too, we have heard more members moving away from the narrow debate about changing the basic rate and joining the case for a more constructive change. Some have gone further by, for example, proposing a significant reduction in the additional rate threshold. I welcome those positive ideas. However, it is clear that the debate will go nowhere and that a rate resolution will not pass if political parties dig in

their heels on manifesto positions and are unable to work together.

John Scott (Ayr) (Con): Patrick Harvie pays much lip service to democracy, but does he believe that it is right for the Green Party to press the Scottish Government for tax rises when 65 per cent of the people of Scotland voted not to increase taxes?

Patrick Harvie: I have already made it clear that, in a period of minority Government, political parties need to be willing to seek consensus rather than digging their heels in on manifesto positions. If John Scott is aware of opinion polling that has taken place since the UK Government budget was published, he will know that there is a two thirds majority in favour of the basic proposition that we should raise revenue from those who can afford to pay, in order to protect our public services.

From the Green perspective, we are very aware that our manifesto proposals were designed to raise significant revenue from local tax reforms. The deeply regrettable lack of progress on that means that the Scottish Government is choosing to rely on income tax rather than that broader tax base. If that is the Scottish Government's choice and if it agrees, not only with us but with the finance secretary's own aim, that the public sector pay increase must be at least at the rate of inflation, it will need to go further on income tax than it otherwise would.

We will all see tomorrow what the Scottish Government has in mind. In rejecting the Conservative motion, I urge the Government to be bold and to raise the revenue that we need for our local services, for public pay and for low-carbon investment, and to do so in a fair way so that people like us here in the chamber—high earners—make a fair contribution to the services that everyone in Scotland depends on.

I move amendment S5M-09513.1, to leave out from “freeze” to end and insert:

“accept the need for the Scottish budget to respond to UK austerity policies by protecting local services, increasing public sector pay and shifting toward low-carbon investment; rejects the idea that tax cuts for high earners can be justified in this context, and recognises that a case has been made for a fairer structure to income tax, with a larger number of rates and bands to ensure that revenue can be raised while protecting low earners.”

15:19

Willie Rennie (North East Fife) (LD): I am at a disadvantage, because I do not have a copy of Derek Mackay's tax paper. I feel bereft, because I do not have one in my hands. [*Interruption.*] I am having ample copies of it handed to me now.

I welcome the opening up of the debate that Derek Mackay has secured with that document,

but I am not sure that the voters will appreciate it to the same degree, because Murdo Fraser is absolutely right that they were promised no increase in the basic rate of income tax. During the election campaign, I stood on numerous platforms with Nicola Sturgeon, and she promised endlessly that she would not increase the basic rate of income tax for basic rate payers. No matter what Derek Mackay does now, and even if he does not increase the basic rate tomorrow, it is interesting that he contemplated increasing it in that document. People who pay basic rate income tax would pay more as a result of the option that Derek Mackay has set out.

John Mason (Glasgow Shettleston) (SNP):

Do the Liberal Democrats, as supporters of democracy, agree that if there is not a majority Government, all parties should negotiate and see what the best deal is overall?

Willie Rennie: I recall that, when we used to deploy that argument when we were in the coalition Government at Westminster, we were derided by SNP members for daring to contemplate any kind of compromise. However, as I said, I welcome the opening up of the debate, because it allows us to have a mature debate about the future of the country. We no longer have to consider only the spending on public services; we have to consider the money in people's pockets, as well. That is a mature debate, and one that we were denied in Parliament for a number of years. I think that most people will welcome that maturing of the debate.

During the 2016 election, I could not believe that a so-called left-wing party like the SNP, which was seeing a squeeze on public finances right in front of it, could sit there idle, like a Christmas pudding, doing absolutely nothing with the new powers that had been gifted to the Parliament. The SNP was not prepared to lift a finger to use those levers for the public good. That was regrettable, but I welcome the maturing of the debate.

In contrast to that lack of frankness—to put it kindly—at the last election, the Liberal Democrats' position was to have a hypothecated tax for the specific purpose of investing in education, because we recognised that education performance was slipping, by international measures. It had gone from being the best to being just average, which required urgent investment in education to deal with that specific problem. Voters are more likely to support a tax increase if they know what it is to be spent on and it can be guaranteed that they will get a return from it. In those circumstances, people will understand and they will back an increase. Investing in education also has the benefit of boosting skills, which creates a virtuous circle that benefits the economy. That tax increase would

benefit the economy. It would not deny the economy growth; it would give the economy the boost that it desperately needs.

I thought that the Conservatives would lodge a different motion that would apologise for their economic performance at UK level, although I am not surprised that the motion does not mention recent indicators, because they show that inflation is up, growth is down, productivity is down and we are about to go off a Brexit cliff edge. The Conservatives have now admitted that they have failed to balance the books, which they promised to do in their manifesto. We also have what the Resolution Foundation has called

“the mother of all downgrades”,

as part of the most recent budget process. The Office for Budget Responsibility figures have been confirmed and condemned by everybody, because they mean that economic performance in this country is not as the Conservatives would wish it to be.

The Conservatives pretend to be a party of the economy, but the reality is that their policies are driving us to a position in which we need to have a modest increase in taxation in order to invest in public services, boost the economy and ensure that we have an education system that is the best in the world.

Dean Lockhart: Does Willie Rennie recognise that, despite the downgrade, the UK economy is growing at 1.5 per cent, which is still three times faster than the Scottish economy under the SNP?

Willie Rennie: Let us just ignore all the facts that are bad. Despite the fact that we have what is, according to the Resolution Foundation,

“the mother of all downgrades”,

let us just pick out the scintilla of benefit for the UK economy. This is astonishing, and it is why the Conservatives should come here today to apologise for their performance. If they state, and rely on, the words from the SNP manifesto for their motion today, they are not asking the right question. They need to look at what could be the wider benefit of a modest tax increase.

I have heard speeches from Conservative members that equate tax with pickpocketing and theft. I am of a political vintage that endured the John Major years, of which Ruth Davidson is a big fan. I remember those years and the recession and real financial difficulties that we went through. John Major was known for 22 Tory tax rises—not just one—but I have not heard Ruth Davidson call John Major a pickpocket. When George Osborne proposed taxes on caravans and pasties, he was not called a pickpocket or a thief. When Phil Hammond proposed his tax on white van man,

was he derided for stealing money from people? He was not derided by the Conservatives.

That is how the Conservatives are bereft; they do not have an ideological belief in their position. They have an opportunity to try to bash the possibility of this Parliament making a real change for the benefit of this country. We need an honest and frank debate about taxation. We have not got that from the Conservatives, who deny their economic record at UK level. We do not have that from the SNP, which stood at the last election on a platform saying that it would not increase tax for basic-rate payers. We need a more mature debate for the future of this country, in order to make sure that we can seize the opportunities that are ahead of us.

I move amendment S5M-09513.3, to leave out from “freeze” to end and insert:

“note the Office of Budget Responsibility’s downward forecasts for the UK economy, which were made at the time of the UK Budget, with growth down, productivity down and inflation up; notes that it appears that the Conservative administration will not meet its manifesto commitment to balance the UK books by the middle of the next decade, and believes that this poor economic position requires a set of Scottish Budget proposals that build a successful long-term future for the Scottish economy, not least through investment in education and skills, with decisions on tax taken to balance the needs of public services with the impact on household budgets.”

The Deputy Presiding Officer: We move to the open debate. I remind members that they should always speak through the chair, not directly to one another across the chamber.

15:26

Adam Tomkins (Glasgow) (Con): There is no need for tax rises in Scotland, but there is an urgent need for a budget tomorrow that does everything that it can to grow the Scottish economy and, in particular, to grow the Scottish tax base.

Growth is persistently slower in Scotland than in the UK as a whole. In 2016, the Scottish economy grew at a measly one quarter of the rate of the UK. Over the past decade, the Scottish economy has grown at less than half the rate of the UK. Derek Mackay’s number 1 priority in his budget tomorrow—apart from to apologise for that abject record of SNP failure—must be to do everything in his power to turn that around.

Derek Mackay: Will the member take an intervention?

Adam Tomkins: I will not.

The very last thing on Derek Mackay’s mind should be higher taxes. Just last week, the Scottish Chambers of Commerce said that, at a

time of poor growth and faltering business investment,

“a competitive Scotland cannot afford to be associated with higher taxes”

and that the economic vandalism and “damage” of higher taxes

“could take years to repair.”

I focus this afternoon on ideas for growth and, in particular, ideas to grow Glasgow’s economy. That is not just because it is the city that I represent, but because Glasgow is Scotland’s economic powerhouse. Cities and their regions power economic growth. We say “Let Glasgow flourish”, because when Glasgow flourishes, Scotland flourishes. South of the border, that has been recognised as not merely a slogan but as a key driver of policy since 2010, but Scotland was late to the UK Government’s programme of city deals and, even now, we are playing catch-up and are at risk of falling further behind.

Glasgow’s city deal is worth more than £1 billion of investment in infrastructure, with half from the UK Treasury and half from the Scottish Government, but it is at grave risk of being frittered away. The last Labour Administration in Glasgow had little idea what to do with it, so it just dusted off various road and house-building projects that had been gathering dust in the city chambers for years. The newly arrived SNP Administration is faring no better. Susan Aitken, the council leader, is caught in the headlights, unsure which way to turn or what to prioritise. However, the answer is simple: to prioritise that which would grow the Glasgow economy.

I will give members an example. The Scottish Event Campus comprises the Hydro, the Armadillo and the SEC Centre and is Scotland’s principal event campus, hosting concerts, exhibitions and international conferences. It was established in the mid-1980s and has become a great Glasgow success story. Its business is a key economic driver for the greater Glasgow region, with 2 million visitors annually, and it produces an economic benefit to Glasgow of more than £400 million every year.

Thanks to the SEC, Glasgow is now the UK’s number 1 choice outside London for conferences of 1,000 delegates or more. The SEC proposes an additional £150 million investment in its campus, which will be focused on the exhibition and conference elements of its business and will match the £120 million investment that built the SSE Hydro a few years ago. The new expansion will generate an additional 36 events annually, attracting a further 240,000 visitors to Glasgow every year.

James Kelly: Will Adam Tomkins take an intervention?

Adam Tomkins: I do not have time.

The expanded business will result in an additional net spend in Glasgow of £86 million every year, generating an additional gross value added—additional growth—for the Glasgow economy of £64 million annually. On top of all that, the expansion plan will create 1,700 new jobs. At a conservative estimate, the increased GVA would yield £20 million annually in additional tax revenues, half of which would be for the Scottish Government and half for the UK Government. Within five years, the £150 million investment will have paid for itself.

If city deal money cannot for some reason be used for that, what about the £1 billion that the Scottish Government now has at its disposal via financial transactions? As the Fraser of Allander institute said yesterday, that money could be

“used to lend to businesses – on generous terms – to support investment in anything from commercial property to R&D.”

What better prospectus is out there right now than the SEC’s plans that I have just outlined?

Patrick Harvie: Will the member take an intervention?

The Deputy Presiding Officer: He has only half a minute left.

Adam Tomkins: In its manifesto for last year’s election, the SNP promised to freeze the basic rate of income tax throughout the lifetime of this parliamentary session. That was the SNP’s electoral vow, its solemn oath and undertaking, and its covenant with the Scottish people. SNP ministers should think long and hard before betraying their promise. Tomorrow, we need a budget for growth, not a breach of trust. Members should support the motion in Murdo Fraser’s name.

The Deputy Presiding Officer: I had to think long and hard about whether that speech addressed the motion. I have decided to let it go, but I ask other members to bear in mind that they should speak to the motion and the amendments that were lodged.

15:32

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

Conservative debates generally fall into one of two categories that are, arguably, utterly incompatible; they ask us either “Please spend more,” or “Please cut taxes for the rich.” Since Murdo Fraser spent all his debating time on the SNP, I will repay the favour and try to make sense

of the Tories’ economic policies, which in Scotland, at least, appear to be: to increase spending exponentially; to cut taxes drastically; and to waste billions of pounds, most recently to settle our European bill to the tune of billions, for which we will get nothing in return but isolation and slow economic growth.

The Tories are either magicians or just politicians who forgot to read Professor Sir Anton Muscatelli’s article at the weekend—the Fraser of Allander institute probably gets more airtime than anybody else at budget time, so I am giving us a brief reprieve by citing Professor Sir Muscatelli, who wrote:

“the simple truth is that if we want a country and society to be proud of, we need to be willing to pay for it – and our politicians”

—I do not think that he was excluding the Tories from this—

“have a duty to be honest in conducting a debate and constructing an argument that is in the long-term national interest, rather than for short-term partisan gain.”

Time and again, the Tories have come to the chamber to ask for more spending on healthcare, justice, local government, the environment, agriculture, transport, infrastructure and local government. All in all, they have made at least 70 calls for additional Scottish Government spending since the election.

Rachael Hamilton (Ettrick, Roxburgh and Berwickshire) (Con): Does Kate Forbes believe that as an example to use, Anton Muscatelli—someone who earns vast sums of money—is reflective of Scottish society?

Kate Forbes: I believe that, as politicians, we should listen to experts on such matters—Adam Tomkins just demonstrated that by quoting the Fraser of Allander institute—because none of us in here knows everything about everything. It is important that we listen to experts and, as Professor Sir Anton Muscatelli is one such expert, I recommend that Rachael Hamilton perhaps reads his article over the course of the day.

The Conservatives’ spending asks are laudable but they are also laughable in that the party that has, in the past, prided itself on its economic competence believes that we can spend more by raising less.

Then we get to the Tories’ claim that they have given us more money. That rings hollow from a party that has campaigned on election platforms of austerity and fiscal consolidation for years, and yet now claims for reasons of political expediency that it has increased Scotland’s budget. Logically, it cannot do both and, of course, it does not, because stark evidence of austerity walks into my office every single day. The Scottish Government

has rightly forked out £350 million to mitigate the worst aspects of the UK Government's welfare reforms since 2013, all at a time when, by 2019-20, our resource block grant will be around £500 million lower than it was in 2017-18, according to every independent source that we might like to quote.

The sorry story of how the Tories' reputation for being economically competent has been shot to pieces perhaps explains the distinct lack of growth that Willie Rennie outlined under the Conservative Government, as it has missed every economic target it has ever set. It might also explain why the official UK economic growth forecast for this year was dramatically slashed by the Office for Budget Responsibility on the day that Mr Hammond announced his budget.

Dean Lockhart: Does Kate Forbes recognise that, had the Scottish economy grown at the same rate as the UK economy under 10 years of SNP Government, Scotland's gross domestic product would be £3 billion higher?

Kate Forbes: Does the member accept that, on the day when his Tory colleague announced his budget, the Office for Budget Responsibility cut the economic growth forecast not just for this year but for the next five years? As well as that, the Resolution Foundation has predicted that there will be an incredible decline in the disposable income of households during the coming five years. I do not think that it is right for the Tories to come here and talk about economic growth when every one of their targets has been missed and the predictions for the next five years under Mr Lockhart's colleagues' Government is dire.

On that note, I will stop.

15:37

Jackie Baillie (Dumbarton) (Lab): Now here is the thing: the hand dealt to Scotland by the UK budget is not as good as the Tories would have us believe. The Scottish budget faces a real-terms cut of almost £200 million. Capital will increase by £195 million but it is fair to say that financial transaction money, mostly used as loan financing, makes up the overwhelming rest at £355 million. In essence, everyday spending money is tighter and, ultimately, that is what matters the most, because it is revenue that pays for the majority of our public services.

Let us face it: things are tough out there. Wages have fallen in real terms. People, including public sector workers, have not had a proper wage rise for years. The value of their pay has fallen while the cost of living has gone up.

There has been a clear impact on individual households. The level of personal indebtedness is

rising and, in extreme cases, low-paid working households are no longer just about managing; they are having to go to food banks to make ends meet. The Tories should hang their heads in shame over the mismanagement of our economy.

It is not just individual indebtedness that is increasing. The extent of national borrowing has increased, despite the Tories' promises, targets and fiscal rules. With the Tories, it is always the poorest who end up paying the most.

However, I am not content to simply throw my hands in the air, say that nothing can be done and just blame the Tories, tempting though that is. There is a responsibility on us in this Parliament to rise to the challenge. We were elected so that we could do things differently. Therefore, I want to focus on three areas that I hope will be reflected tomorrow: public sector pay; local government funding; and stimulating the economy.

It is right to remove the public sector pay cap. Originally the SNP rejected Labour's demands to do so, but I am happy that it has changed its mind and I look forward to seeing tomorrow the percentage rise that the cabinet secretary has budgeted for and whether it meets the ambitions of the workforce. Whatever the figure is, it must be properly funded. If the burden of finding the extra money falls exclusively on public services, there will be more cuts.

Derek Mackay: Will the member take an intervention?

Jackie Baillie: I really do not have sufficient time, but I hope that the cabinet secretary will pick up on some of these points in his summation.

If the Government is serious about improving the lot of public sector workers—and I believe that it is—I hope that it will ensure that additional money is provided to do so.

Local government's share of the budget has gone down and it has experienced cuts totalling £850 million in real terms. I well remember last year's budget when, like a magician pulling a rabbit out of a hat, the cabinet secretary provided an additional £170 million for local government. Of course, what he did not tell us is that it was a one-off payment. Therefore, he needs to start this year finding that money simply to stand still.

The Tories have cut our budget—oh yes they have—by 1.5 per cent in the past three years, but the SNP has cut the local government budget by 4.6 per cent over the same period. It has taken Tory austerity and passed it on, and trebled it in doing so. That simply cannot go on.

Clare Adamson (Motherwell and Wishaw) (SNP): Will the member take an intervention?

Jackie Baillie: I do not have time.

I will share with the chamber the real consequences of underfunding in West Dunbartonshire. The SNP council is consulting on £13 million-worth of cuts, which will involve: the removal of 200 jobs; cuts to the school clothing grant; cuts to the educational maintenance allowance; cuts to libraries; scrapping lollipop men and women and getting volunteers to do the work instead; and making children clean their own classrooms—the list gets worse and goes on. The SNP needs to provide fair funding to local government.

Growth in the economy is of central importance, particularly now. The fiscal framework ties us explicitly to growth. If we do not have a tax take that is commensurate with that of the rest of the UK, our funding drops. In recent years, our economy has underperformed that in the rest of the UK. The consequences of that continuing are enormous and mean that there will be less money for our public services.

Unlike the Tories, who want to slash and burn, I believe that we need to invest in order to grow. Seen in that context, the cut to the economy budget last year was a reckless action for the Government to take and shows a lack of understanding of the fiscal framework that it signed up to. Now, we are told that tomorrow's budget will be about the economy. I welcome that, but I suspect that the financial transaction money will be used to fund the new Scottish Investment Bank—I look forward to seeing whether I am right. Members should bear in mind the fact that last year £500 million of financial transaction money was allocated to the business growth scheme. How much of that has been spent? Not a great deal. It is not good enough to announce money then for none of it to make it out of the door.

Our ambition should be to stop the cuts and end austerity. None of the SNP tax proposals will do that; they raise a maximum of £290 million, which is not enough to do it. We should seize the opportunity that is presented to us, use the new powers in the Parliament and invest in our economy, in our services and in our people.

15:43

Ivan McKee (Glasgow Provan) (SNP): We stand here today to talk about tax, but this debate is also about the lack of credibility of the Conservatives, their economic illiteracy and their inability to add up the numbers. This is a Tory party that does not just want to have its cake and to eat its cake but one that does not even want to pay for its cake.

We are not talking about only one cake, either. I apologise for using this prop, but we have a list—not a wee list; as members can see, it is a big list,

all eight pages of it—of spending demands that have been made by Tory members in this place. There are more than 70 different demands on the list, adding up to hundreds of millions of pounds. It goes from air quality monitors, which were called for by Alexander Burnett on 10 May, through blood donation funding, which was called for by Miles Briggs on 9 June, through to winter sports and zebra crossings. It is an A-to-Z Tory wish list—their very own letter to Santa. However, nowhere are there any plans on how to raise the cash. That is because, as everyone can see, when it comes down to it, Tory tax and spend just does not add up.

Let us take a few minutes to go through some basic lessons for the party opposite. The Tories are fond of telling us that we do not need to raise more cash because of the money that is coming from their friends at Westminster. I know that adding up is not the Tories' specialist subject, but let us have a look in a bit more detail at precisely that aspect.

In 2017-18, Scotland's revenue departmental expenditure limit block grant from Westminster was £26.2 billion in real terms, and the equivalent block grant number for 2018-19, as announced in the recent UK budget, is £26 billion. Even the Tories can see that £26 billion is less than £26.2 billion. In fact, it is £200 million less—a £200 million reduction in real-terms spending available to the Scottish Government to spend on services in Scotland. That is the price of Tory austerity. In fact, over the whole period from 2010-11, when the Tories came to power at Westminster, through to 2019-20, Scotland's real-terms block grant from Westminster will have been reduced by some 8 per cent. The myth of increased funding from Westminster is exactly that: a myth. Everybody knows it, and it does the Tories' credibility no good to pretend otherwise.

Murdo Fraser: Does Mr McKee think that the Fraser of Allander institute is peddling a myth when it says in the report that came out yesterday:

"Taken altogether, the Scottish Government's total block grant ... is on track to increase by around 1% between 2016-17 and 2019-20"?

Is that a myth?

Ivan McKee: I am glad that Mr Fraser asked that question, because that is exactly what I am going on to address now.

The Tories talk about an extra £2 billion, and I still cannot decide whether they are spinning for all they are worth, or whether they really do not understand the difference between financial transactions and the revenue DEL block grant, so let us go through it. The Fraser of Allander institute said:

“Of the ... capital uplift, the vast majority of this is in so-called financial transactions. Financial transactions ... can't be used to support day-to-day spending on public services ... Scottish Ministers are constrained in how these financial transactions can be used”.

In fact, they are in the form of Government loans and equity. Now, I do not know what alternative planet the Tories inhabit, but I do not think that they would get very far by paying nurses with Government loans and equity rather than cash.

Murdo Fraser: Will Mr McKee take an intervention on that point?

Ivan McKee: No, I need to make some progress.

The Tories are fond of talking about tax in Scotland compared with the rest of the UK, so let us talk about that, because the truth is that Scotland is the lowest-taxed part of the UK. Due to the actions of this Scottish Government, the average council tax bill in Scotland is some £400 lower than in the rest of the UK. That is a tax benefit that is seen across the income spectrum, not just for the top 10 per cent of earners, where the Tories focus their attention.

I have left the best to last. Whenever they are challenged on the glaring inconsistencies in their tax-and-spend plans, the Tories utter the magic phrase “Laffer curve”. Although the Laffer curve states that not all increases in tax rates result in an increase in tax revenues, and that not all reductions in tax rates result in a reduction in tax revenues, what it absolutely does not state is that all reductions in tax rates automatically result in an increase in tax revenues. Were that the case, the tax rate that raised the most revenue would be 0 per cent, and I think that even the Tories can see that that is nonsense. That is why it is called the Laffer curve, not the Laffer straight line, and it is not a get-out-of-jail-free card for Tory sums that do not add up. It is a tool that is used to inform serious economic policy making by those who know how to use it, and I am afraid that that excludes the current Tory party.

Managing tax and spend, even within the limited economic powers that the Scottish Government has at its disposal, is a serious business. Getting the balance right between protecting public services and raising the revenue to pay for them requires people who understand how to add up and who understand the implications of their actions and the impact on real people, their schools, their hospitals and their take-home pay. Getting that balance right requires a serious piece of work, and tomorrow we will see the results of the work in what I am sure will be a budget to take Scotland forward, in stark contrast to the display of inconsistency and economic illiteracy we see from the Tory benches.

15:48

Bill Bowman (North East Scotland) (Con): I return to the text of the motion. As has been mentioned, and as we know, Scotland is the highest-taxed part of the United Kingdom. My region, North East Scotland, paid more than a fifth of Scotland's total income tax in 2014-15. With that in mind, I warily welcomed the 2016 SNP manifesto pledge to

“freeze the basic rate of Income Tax”.

I must confess that I was a little dubious about that promise, but I concluded that the SNP would not want to create a situation where living and investing in the rest of the UK was more attractive to workers and businesses than doing so in Scotland. That, of course, would be reckless.

If recent Scottish Government discussion papers are anything to go by, my North East Scotland constituents could be faced with yet another tax hike tomorrow. The Government believes that the current tax contribution from the north-east is not enough and seems to think that it knows best how to spend their hard-earned money. Recently we have seen that that is not the case. It was reported last week that the SNP has wasted hundreds of millions of pounds in losses while it has been in government. Instead of reaching deeper into the pockets of my constituents—“pickpocketing”, as Willie Rennie calls it—perhaps the Government could rein in its own wasteful tendencies first.

It is always good to quote somebody from history. In the House of Commons in 1906, Winston Churchill said:

“Where there is great power there is great power there is great responsibility.”—[*Official Report, House of Commons*, 28 February 1906; Vol 152, c 1239.]

The devolution of further tax powers brings several other responsibilities with it.

Willie Rennie: Will the member give way?

Bill Bowman: No.

First, any well-thought-through proposed tax rise would require complex forecasting models that deal in largely unexplored and unknown variables. Although I acknowledge that there have been several attempts to put together forecasting models over the past couple of years, it is also worth pointing out that each of those has admitted that its examples were illustrative. One reason for that is that predicting behavioural responses in the UK is largely uncharted territory. It is far easier for a Scottish taxpayer to move to Manchester than to, say, Madrid, Milan or Maastricht. If take-home income is less in Scotland than it is for the same job and salary elsewhere in the UK, those who want to increase their salary or income will seriously consider moving.

Neil Findlay: Will the member take an intervention?

Bill Bowman: Not at the moment, thank you.

Neil Findlay: Please? [*Laughter.*]

Bill Bowman: No.

However, taxpayers will not be the only stakeholders considering moving. Higher taxes on Scottish businesses in recent years have led to the cutting of jobs in the retail sector, for example, where the number of people employed has fallen by 6 per cent between 2008 and 2015 and the rate of shop closure in Scotland is seven and a half times that of the UK. I cannot understand why the SNP Government would wish to raise the income tax of hard-pressed retailers' customers. A recent FSB survey stated that 14 per cent of those polled would consider moving their business out of Scotland if that were to happen.

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

Bill Bowman: I will give way to Mr Mackay.

Derek Mackay: I thank Bill Bowman for taking my intervention. Clearly, dinner last night has paid off. [*Laughter.*]

The points that have been made about taking an evidence-based approach are valid, but we might quote someone else. Does Bill Bowman agree with the International Monetary Fund, which has said that progressive taxation does not necessarily undermine economic growth?

Bill Bowman: It also depends on what is meant by "progressive". The taxation that we have is progressive.

Another responsibility is in the implementation and annual administration of tax policies. I recently wrote to the finance secretary regarding the cost of the SNP Government's proposals that are set out in the income tax discussion paper—of which I do not have a copy here—and he answered by saying that he had not bothered to estimate the administration and implementation costs of the proposed changes. In fact, administration costs could increase by more than £5 million per year if our Scottish policy differs from that in the rest of the UK, with the costs of implementing new rates and bands adding even more millions. Complexity never comes cheap.

In short, Presiding Officer, I advise against income tax rises. The Scottish Conservatives trust people with the responsibility of spending their own money, and not having to work one hour for their families and the next hour to pay for Nicola Sturgeon's tax increases.

The SNP, on the other hand, does not appear to put much stock in the Scottish people, because

here we are debating whether it will break a solemn manifesto pledge that it made to them. Raising taxes is supposed to raise revenues, but it can also raise risks, such as the risk of falling investment.

The Deputy Presiding Officer: You must close, please.

Bill Bowman: There is a different path for the SNP, though: keeping the basic rate where it is, keeping people's money in their pockets and, most of all, keeping its manifesto pledge to Scotland.

15:54

John Mason (Glasgow Shettleston) (SNP): The Conservative motion focuses on tax, and specifically on income tax, so I would like to start by thinking a little about tax in principle. On that ground, Willie Rennie was going in the same direction in part of his speech.

Without tax, or some equivalent, there would be no schools, no national health service, no social security system, no police, no armed forces, no foreign aid, no train or ferry system and definitely no social workers. There would be no public roads, no bridges and no local or national government. If we were to have some of those things, they would be only for the richer, who could afford them. My starting point is that tax is inherently a good thing and that it makes Scotland the kind of civilised nation that we want it to be.

Of course there are various forms of taxation, but a large number of people see income tax as one of the fairest methods of taxation because it is based on the ability to pay. It is not perfect, as it takes no account of wealth, which is one of the biggest dividing features in our society, nor is it one of the easiest taxes to collect, as many people have found ways to avoid it—Bill Bowman has been encouraging them. However, it is still more accepted than many other taxes.

The next question is at what level income tax should be set. In this debate, we need to think of national insurance as a form of income tax. If we combine income tax and national insurance, we find that the starting point in the UK for those on an income of £11,850 is a 32 per cent marginal rate, which is an incredibly high starting point. The top rate is only 47 per cent—45 plus 2—which might seem surprisingly low. In the UK today income tax rates range from 32 per cent to 47 per cent, which is a ridiculously narrow range. My thinking for the long term is that we should have a combined rate starting at perhaps 10 per cent and rising in bands—10 per cent, 20 per cent and 30 per cent or thereabouts.

My first key point on income tax is that national insurance should also be devolved to Scotland

and we should combine it with income tax to produce a simpler system with more emphasis on principles and less room for avoidance. However, that is clearly not where Scotland is today. We have been dealt a very second-rate hand by Westminster, which seems to have given us certain powers and withheld others, with the intention of making life as difficult as possible for the Scottish Parliament and the Scottish people.

I find it particularly ironic that the Conservative Party—the party that has regularly sought to help the richest and crush the poorest in our society—should pretend to care about those on low incomes, as the motion states. Nevertheless, we are where we are. We have a flawed income tax system and we face cuts to the Scottish budget by Westminster, while demand in many sectors is increasing.

The challenge is to see whether we can raise more money from income tax in order to protect or improve public services without causing any undesirable side effects.

Murdo Fraser: Why did Mr Mason stand for election on a manifesto pledging not to increase the basic rate of income tax when he is now saying something else?

John Mason: I am trying to argue from principles—the principle being that tax is a good thing. However, the point was well made by Patrick Harvie and Willie Rennie that the whole point of the Parliament being elected by proportional representation—the additional member system—was to ensure that one party does not dominate and one party cannot get its manifesto through. That was the aim in how the Parliament was set up. Of course it is necessary that we compromise. If the Conservatives were serious about negotiating, I am sure that Derek Mackay would listen to them. However, from what I gather, they are not serious about having a conversation.

We hear a lot about the economy and its relationship with taxation. A lot depends on what we mean by the economy. I fear that, when the Conservatives talk about the economy, they often mean a very crude measure such as GDP or growth at all costs and they ignore how income and wealth are distributed throughout society.

However, we can be fairly sure that, if income and wealth were more fairly distributed throughout society, with the less well-off receiving even a little more, that would be hugely beneficial to the overall economy. Poorer folk are more likely to spend any extra money on goods and services than the better-off, who might invest in overseas companies or otherwise extract their money from the Scottish and UK economy. Although some people argue that businesses do not want tax

risers, we know that businesses are looking for a healthy and well-educated workforce, which will not come about if we cut taxation.

Last year, we made a tiny move away from the UK income tax regime and this year we can afford to be a bit bolder and move a bit further. All in all, I consider that the Conservative motion is not logical, does not make economic sense and has to be amended. [*Interruption.*]

The Deputy Presiding Officer (Christine Grahame): I call Neil Findlay—if he can hear me—to be followed by Stuart McMillan. [*Interruption.*] I want to hear what Mr Findlay has to say.

15:59

Neil Findlay (Lothian) (Lab): I hope I get that time back, Presiding Officer.

The Deputy Presiding Officer: You will indeed. Do not concern yourself.

Neil Findlay: Thank you very much, Presiding Officer.

Public services are the glue that holds our society together—they care for the elderly, educate the young, look after the vulnerable and keep our streets clean and safe. They are paid for by our taxes; the collective payment of tax to support public services is what civilises our society. That pot of money can be expanded by increasing the tax take via economic growth and/or increasing taxes.

Today, council services are on their knees, with cuts to youth work, libraries, education and social work. Jobs are being lost in huge numbers—and I see no task force for council staff. This week, we heard that children are being taught in classes of up to 41. In our NHS, we have the worst waiting times on record, vacancies are up, morale is down and pay is frozen. Care homes are closing and delayed discharge is ingrained in the social care system.

On Thursday we have the budget. When we consider the motion, we should remember that from 2007 to 2011 the Tory party worked hand in glove with the SNP at budget time, supporting the SNP in cosy deals, year in and year out.

Derek Mackay: Will the member take an intervention?

Neil Findlay: Not at the moment.

Today, the Tory party claims to be the champion of people on low incomes. We are talking about the party of the poll tax and the bedroom tax, the party of deindustrialisation that left millions of people on the scrapheap, and the party that opposed the introduction of the national minimum

wage and opposed the tax credits that took two million children and two million pensioners out of poverty. It is the party that opposed the winter fuel allowance. It is the party of food banks. It is the party of homelessness.

Under Cameron and Osborne, the Tory party had as a central plank of its political philosophy a deliberate attack on the living standards of the low paid, the poor, the disabled and the vulnerable, with cuts to child tax credits, cuts to employment and support allowance for disabled people, the withdrawal of mobility cars, the ending of housing benefit for the young, cuts to bereavement support and benefit freezes across the board—with people on the lowest incomes losing, on average, £1,400 per year. I see that the Tories' heads are going down as I set out that list. Yet the Tories claim to be the champions of people on low incomes.

In the Tories' class war on the poor, the wealthiest accumulate more, via tax giveaways and corporate welfare. It is redistribution of wealth on a massive scale, from those who have little to those who have plenty, as the Panama and paradise papers have shown.

We have a critical funding crisis in Scotland, and we will not get ourselves out of it by following the shambolic path of cuts, cuts and cuts that is beloved of the Tories and followed slavishly by Swinney and Mackay. We cannot keep engaging in a race to the bottom alongside Tories across the rest of the UK. Scotland can lead by example. We can save jobs, communities and schools, and we can invest in social care, by using the powers of this Parliament. We have a choice, and we should make the choice to end the public sector pay cap and invest in the services on which we all rely.

What we do not know is whether Derek Mackay is on the progressive side of politics or stands—again—with his Tory friends across the chamber, who want to use this Parliament to cut investment and increase the already yawning gap between rich and poor.

Let us never forget that during the debate in this Parliament on the vile rape clause, Ruth Davidson and every one of her toadying Tory colleagues were so confident in their position that not one of them would take an intervention—not one, over the entire debate. They thought that if they just kept talking no one would notice their shameful behaviour.

Well, I have news for the Tories: everyone noticed their shameful behaviour that day. I thought that I had seen everything from a Tory party that hates the poor, hates the low paid and hates the vulnerable, but that day was a new low point even for the Tories—a day on which they voted to support a policy that has such dreadful implications for women victims of rape. They put

their ideological commitment to punishing the poor above human decency, and we should never let them airbrush that out of history.

16:04

Stuart McMillan (Greenock and Inverclyde) (SNP): This debate highlights, once again, why the Tories have peaked and why they cannot be taken seriously on the economy or finances of Scotland.

At the weekend, the SNP published the list of 70 extra spending demands that the Tories have made of the Scottish Government. Despite everything that the Tories have said today, they have given no coherent indication of exactly where the money would come from to pay for those demands.

We all know that the Tories want tax cuts for the rich, and to make the poor pay for that privilege. How else can they explain the shambolic roll-out of the universal credit system and the rampant rise in food bank use across Scotland and the UK? The Tories' actions and calls in recent months put Labour to shame, despite Labour's antics in the past two parliamentary sessions when they were the main Opposition in this Parliament.

In the past, Labour sat on the sidelines and failed to come up with any alternatives—not much change there, some would say. However, the Tories seem to have taken on the mantle of second-placed party, proposing second-rate policies and second-rate outcomes for the people of Scotland. It appears to be so bad now that this morning the closest-kept secret became public—Ruth Davidson is looking to leave this Parliament to become an MP in the future. Even Ruth Davidson knows that the writing is on the wall and wants to get on to the green benches to continue the economic vandalism that her party is meting out to the population.

Overall, today's debate will deliver nothing for the population. Each MSP will stand up and defend their party and their position, and two and a half hours later we will all vote. Will that change the Cabinet Secretary for Finance and the Constitution's mind? Probably not.

Murdo Fraser: Mr McMillan is talking about the vote that we will have later. Is he going to support his own manifesto commitment?

Stuart McMillan: Murdo Fraser will have to wait until 5 o'clock to find out. Today is about—

Adam Tomkins: Yes or no, Mr McMillan?

The Deputy Presiding Officer: Excuse me a minute on the Conservative front bench—I would like to hear the reply.

Stuart McMillan: Thank you, Presiding Officer.

Today is about the white noise before the budget statement tomorrow, when we will find out about the income tax proposals as well as every other aspect of the budget responsibility that the finance secretary has at his control. I am sure that he will have taken on board all 70 requests for additional monies to be spent, and if he had the money he might even have given consideration to some of them. Even if the finance secretary wanted to give each of the 70 requests £1 million, that could not be paid for, because the Scottish allocation from the Tory UK Government was cut by £213 million at the recent budget, but also by £2.6 billion by 2019-20 and, as the SNP amendment states, a further £500 million according to the Fraser of Allander Institute. The economic mismanagement and financial illiteracy of the Scottish Conservatives has today been laid bare for all to see.

The austerity programme is driving more people to food banks, areas with the full roll-out of universal credit have seen a 30 per cent increase in food bank usage, and 26 per cent of food bank users are on low incomes or on benefits. I do not often do this, but I will quote Mr Findlay, who spoke a few moments ago about the “shameful” bedroom tax and two-child limit on benefits that the Tories wanted to introduce and have introduced from Westminster.

Added to that is the utterly shambolic nature of the universal credit system and the ludicrously long wait before claimants can get their payment. Waiting for up to six weeks is a nonsense and the Chancellor of the Exchequer has apparently listened to the arguments and reduced that to five weeks. It is obvious that the chancellor will never need to claim universal credit, or he would have reduced the payment time even further.

For the Conservatives to come to this Parliament with a Santa list of 70 items requiring more money, without identifying where the additional money will come from and while refusing to accept that this Parliament’s budget has been cut, shows how out of touch they are with reality. We have already heard from Parliament’s very own Scrooge—Murdo Fraser—who called for the end of the baby box. I have looked at the list, and there are many examples of items where additional money would be very useful. However, this Parliament’s limited powers over finances means that our finance secretary is trying to do a job with one hand tied behind his back; we have to remember that 60 per cent of Scotland’s spending power is still reserved to Westminster.

Before I came here today, I received a letter from Maurice Golden containing his so-called appeal for local government funding. The Tories have no shame and a brass neck—their are

crocodile tears. It is the Tories’ cuts to the budgets for this Parliament that are having a hugely detrimental effect on the population of Scotland—the absolute hammering of this Parliament’s budgets by his colleagues in Westminster. The Tories’ financial policies are a wrecking ball to the economy, and it is clear that the “nasty party” has returned to Scotland.

16:09

Maurice Golden (West Scotland) (Con): Simple fairness dictates that Government must not raise taxes on families struggling to pay their bills. For too long, the Scottish people have been forced to endure the economic illiteracy of the left: that no matter what the problem is, the answer is always higher taxation, with wage packets raided to pay for it.

Derek Mackay: Will the member give way?

Maurice Golden: I would like to make some progress.

Last year, the people of Scotland overwhelmingly voted for a better approach. Almost two thirds of Scots voted for parties that promised not to raise taxes—the Scottish Conservatives and the SNP. We saw what happened to the parties who advocated higher taxes: Labour was relegated to third place, the Liberals went nowhere and the Greens barely scraped together 13,000 constituency votes.

Assuring hard-working Scottish families that they would not be burdened by more taxes was the right thing to do—

Derek Mackay: Will the member give way on that point?

Maurice Golden: Yes.

Derek Mackay: Following that analogy, will Maurice Golden explain how the Tories are now in third place, even behind Richard Leonard?

Maurice Golden: We are still here in second place, and we are going upwards.

The Scottish Conservatives have consistently argued for an approach that does not hurt Scottish workers. The UK Conservative Government has cut income tax for basic rate taxpayers in Scotland by raising the tax allowance from just £6,475 to £11,850. Initially, it seemed as though the SNP shared that desire to protect low earners. In its 2016 manifesto, the SNP made a clear commitment to the people of Scotland that the party would not raise the basic rate of income tax during this Parliament. That commitment is right there, on page 17, in black and white. Sadly, the SNP’s determination to make Scotland the highest-taxed part of the UK suggests that that promise will soon be broken.

Last year, the SNP caved in to the Greens to get support for its budget, resulting in the pay packets of middle earners being raided for an extra £400. Last month, we saw its proposals to tax anyone earning more than £24,000—and yes, that includes basic rate taxpayers. So much for the SNP's promises.

Earlier this year, Ivan McKee said:

"The decision to maintain the basic tax rate at 20 per cent ensures that we do not penalise those on low or average earnings".—[*Official Report*, 21 February 2017; c 51.]

Today, we heard from John Mason, who said that that position does not make sense. It is a flip-flop; I am confused. However, we know that an extra half a billion pounds has been provided for Scottish public services in the UK chancellor's budget, which means that the SNP has no excuse for raising taxes.

There is also a mountain of waste to avoid. Since the SNP came to power, there has been hundreds of millions of pounds-worth of waste. If the SNP raises taxes, it will not be because it is forced to, but because it wants to. That would be a short-sighted and reckless decision, because Scotland's economy is already underperforming after a decade of SNP mismanagement.

Scottish growth is one third of the UK rate, Scottish productivity is too low and Scottish business growth is the lowest in the UK. According to the Federation of Small Businesses, 80 per cent of business owners do not want higher taxes. It is easy to see why: the SNP's most radical tax proposal would raise £255 million, which would be £255 million of consumer spending sucked out of the economy. That money would not be spent in local businesses, and those businesses cannot afford to pay the price for the SNP's misguided approach. This is economic damage that we can avoid, but repairing it "could take years", according to the Scottish Chambers of Commerce.

The Scottish Conservatives are the only party calling for no basic rate rise. We are not even asking Mr Mackay to adopt our policy, just his own. That is what we have come to—the Scottish Conservatives are having to stand up for an SNP manifesto promise because the SNP will not. If that promise is not kept, it will not matter how much grievance the SNP manufactures or how many cries of "Tories!" or "Westminster!" there are; the people of Scotland will vote again, and this time they will vote with their wallets.

16:14

Ben Macpherson (Edinburgh Northern and Leith) (SNP): People across Scotland will be as bemused as I am to hear the Tories trying to cast themselves as the party of low-income and

middle-income families. It would be ironic were it not so absolutely absurd.

What is also bemusing is that today, and for some time, the Tories have tried to portray themselves as some sort of all-knowing authority on the economy when, in reality, across the UK, they are a picture of economic incompetence. On the basis of the mess that Tory Westminster MPs have made of economic policy over recent decades, it is reasonable to ask whether the Tories here and across the UK are in denial about the reality of their party's ineptitude. We should remember that more than 60 per cent of Scotland's spending power is still dependent on decisions that are taken at Westminster.

The truth is that, on the basis of history, evidence, economic performance and ethical analysis, the Tories actively pursue and impose policies that damage the lives of low-income and middle-income families. Whether here in Holyrood or down in Westminster, it is the Tory party that has ripped off low-income and middle-income families and attacked public services with its nonsensical ideological austerity agenda, which has included cutting Scotland's discretionary budget by £2.6 billion in real terms. It is the Tories who have widened inequality and punished the most vulnerable people through their so-called welfare reform agenda, which has resulted in pain and social security cuts of around £6 billion in Scotland.

Maurice Golden *rose*—

Ben Macpherson: It is the Tories who have damaged economic performance. The OBR recently slashed its productivity and gross domestic product growth forecasts for the UK.

Adam Tomkins: Mr Macpherson and I are members of the Social Security Committee. Is he concerned about the unintended consequences that raising income tax will have on the pensions relief of young basic-rate taxpayers and on the lump-sum payments of pensioners cashing in a lifetime of hard-earned money?

Ben Macpherson: I mentioned that more than 60 per cent of Scotland's spending power is still dependent on decisions that are taken at Westminster. Mr Tomkins is intelligent enough to know that pensions law is completely reserved to the UK Parliament.

Over the past 10 years, through their austerity agenda, the Tories have made deliberate choices that have been designed to target and punish low-income and middle-income families. In doing so, they have caused suffering and distress for many of my constituents and others across Scotland.

The Scottish Parliament does not control—nor yet, anyway—the laws on tax avoidance and tax

evasion; the UK Tory Government does. Last year and in previous years, multinationals avoided paying billions of pounds in UK corporate taxes by booking their profits overseas. The UK Tory Government could have done more about that instead of slashing Scotland's budget and services for low-income and middle-income families.

The Scottish Parliament does not control capital gains tax, inheritance tax, dividend income tax, savings tax or corporation tax. The Tories at Westminster do. If the Tories are genuinely concerned about low-income and middle-income families, why have they not utilised those wealth taxes in recent years to raise revenues more justly, instead of cutting public services for those families, cutting social security and cutting Scotland's budget?

The problem with the Tories is that they nearly always fail to see the bigger picture. Someone who understood the wider view used to live not too far from here. His name was Adam Smith. He is seen by many as the father of modern economics, and his theories of competition and competitiveness are as pertinent today as they have ever been.

What the Tories miss, however, is that Smith's theories of moral sentiments—his belief that empathy is what holds society together and his belief in the visible hand of collaboration and compassion as well as the invisible hand of competition—are also as pertinent today as they have ever been. Smith understood in a way that the Tories never will that it is to our collective benefit to invest in each other, that businesses can thrive only in a healthy social environment and that creating conditions for growth and prosperity requires public sector investment in skills, care, infrastructure and the common good. In the words of Adam Smith:

"Humanity, justice, generosity, and public spirit, are the qualities most useful to others."

On the evidence of recent years and decades, the Tories have been sorely lacking in those principles and virtues.

On the other hand, I am confident that tomorrow's Scottish budget will exemplify them, and I support the cabinet secretary in that.

16:20

James Dornan (Glasgow Cathcart) (SNP): When I saw the Conservative Party motion, I was—again—blown away by its sheer audacity and hypocrisy. However, it is from Murdo Fraser, so what else would we expect?

While some of the Tories' colleagues and partners are, like so many of the rich and the elite, able to squirrel away money and avoid their duty

and responsibility to take care of the people who are most in need, people on the lowest incomes—and, in fact, those on middle incomes—find themselves becoming poorer and poorer at the hands of the Tory Government at Westminster. At the same time, some of my constituents are so far from paradise that they are living almost in a Victorian-era hell. Perhaps Richard Leonard should have used the word "Dickensian" to attack those who are actually responsible for the situation. But, hey! That is joined-up political thinking.

The Tories want to pretend that they are serious about protecting the poor. Let me enlighten them as to the type of nightmare that their policies are inflicting on my Cathcart constituency in my city of Glasgow. The stories are real and have come to my attention only in the past week: the Tories should pay attention to them, because they are the reality of what their Government has created.

A grandmother is having to raise four grandchildren because her daughter is unable to cope. Her pension would be considered meagre for an elderly person living on her own, but she is forced to bring the children up on benefits that are continually being slashed. The woman needed clothes to get the children through the winter, so she was driven to shoplift from a local shop. However, she was so ashamed of her behaviour that she returned to the store the next day to confess and pay for the goods. Thankfully, the shop allowed her to do so. What will have to be sacrificed, though? Will it be food or will it be fuel to heat her home? Can any of the Tories even imagine what it is like to be a proud elderly woman who has never committed a crime in her life being forced to steal just to have the basics? I doubt it very much.

I am sure that there are Conservative members who really believe that the barbaric benefit cuts and sanctions that we get regularly from Westminster will enable—or, let us be honest, force—people to get work. Let me share, in that case, another example. A young care-experienced girl who has lived on sofas most of her life manages to get herself to university and becomes a teacher. She gets married and has three lovely kids, who are now seven, three and one. However, her husband becomes emotionally abusive and controlling; he is coercive and convinces her to fall pregnant with a fourth child. The woman, who is now completely controlled in many ways, is still trying to be the best parent and contributor to society that she can be. She learns a new skill, gets a job with a community organisation—

John Scott: On a point of order, Presiding Officer. The other Deputy Presiding Officer, Linda Fabiani, suggested that Adam Tomkins was not

sticking to the terms of the motion in his speech. I ask whether Mr Dornan is.

James Dornan: Yeah, yeah, yeah—

The Deputy Presiding Officer: Please sit down, Mr Dornan. I do not want to hear your comments just now.

I think that that was a point of order. I say, therefore, that the points that Mr Dornan is making are about issues of poverty and how one resolves them, and his stories are exemplifying that.

James Dornan: Thank you, Presiding Officer. I have to say that I am very disappointed by that so-called point of order.

The woman, who is now completely controlled in many ways, is still trying to be the best parent and contributor to society that she can possibly be. She learns a new skill and gets a job with a community organisation for a few hours a week. Her husband then leaves her—and leaves her without money, too, so she has to claim benefits to survive. However, she can no longer afford the childcare that she needs in order that she can increase her working hours to 16 hours a week. Even though the local nursery is accommodating her in every way it can, she has to give up her job.

This is a young woman whom the Tories would say they support. She wants to do nothing more than to contribute—

Maurice Golden: Will the member give way?

James Dornan: No. The young woman wants to do nothing more than contribute as best she can, but she is being forced into poverty and potential hopelessness. The cap on housing benefit means that she can no longer afford to rent a privately rented flat, which is rendering her and her three children homeless.

That young woman has fought and fought. She has camped outside housing offices, sought advice from every third sector organisation possible and had support from wonderful members of her community, but she has been left in a dire state of poverty because of the policies of the Westminster Government.

Maurice Golden: Will the member take an intervention?

James Dornan: Are you moved yet? Are the Tories getting it yet? Clearly, they are not.

The motion is not just a deflection to hide the horrendous assaults on the lives of the poorest people in Scotland; it is a downright insult to the people whom the Tories talk about protecting.

While our budget has been slashed, the Scottish Government has still spent hundreds of millions of pounds on improving lives and mitigating Tory

austerity through offsetting the bedroom tax, which is forcing people in other parts of the United Kingdom out of their homes; through free prescriptions, which means that no one is denied access to the medicines that they need; and through free tuition, which allows any young person in Scotland to attend university and enables them at least to have the opportunity to arrive at a positive life destination, regardless of their socioeconomic background.

The Tories can sit and pretend that they care and that the motion is for the benefit of the poorest people in Scotland, but we can all see it for what it is: a vacuous pretence of doing the right thing.

Oliver Mundell (Dumfriesshire) (Con) rose—

Annie Wells (Glasgow) (Con) rose—

The Deputy Presiding Officer: Excuse me, a minute. The members should sit down. James Dornan is in his last minute.

James Dornan: If the Tories really want to do the right thing, they should remember the cases that I have talked about, take them to their colleagues at Westminster, and beg them to reverse policies that are damaging lives across this country. While they are at it, maybe they can beg for forgiveness for every single life that their heartless and inhumane economic policies have destroyed.

Presiding Officer, I am done.

16:26

Willie Rennie: The debate has been peppered with condemnation from either side. I enjoyed Neil Findlay's inciting the next revolution. I was not quite sure whether it will start this afternoon or tomorrow morning—

Neil Findlay: In half an hour.

Willie Rennie: —but I enjoyed his speech nonetheless.

The most humorous condemnations were from SNP members, who condemned the wording of their manifesto of only 18 months ago. I suppose that the series of speeches condemning the Conservative Government's cuts, with which I have some sympathy, could have been made at any time, but it is a fact that, 18 months ago, SNP members stood on a platform of doing absolutely nothing about them. Eighteen months ago, they were prepared to sit and take the reduction in expenditure that was very clear and evident, but they now stand on a platform of possibly increasing the basic rate of income tax. I welcome that, and I thought that Kate Forbes's speech, in which she talked about having a mature and honest debate about the future of our country, was good, but the SNP needs to come clean. It needs

to accept that it got it wrong 18 months ago and apologise for that. We can then move forward to have a proper debate about the future of the country.

Murdo Fraser: Has Mr Rennie learned any lessons from his own party's experience about making promises in an election that were not delivered?

Willie Rennie: That is a salutary lesson for other parties. People will laugh and joke, but there are real consequences of and penalties for not being absolutely clear about manifesto commitments and not following them through. If it was a fair world, the SNP would suffer for that to some degree, but I welcome the fact that it has moved. That is why I am conflicted in this debate. I welcome the fact that the SNP is moving on to territory in which we can have a mature debate about the future of the country and balancing the needs of money in people's pockets with the need for investment in public services. We know that that is a tight balance, and we should not indicate that there will be an awful lot more tax rises to come. We need to act with moderation and understand that money in people's pockets is a precious thing, and we should not look to raise taxes at every opportunity.

The one thing that I reject from Murdo Fraser's party is Bill Bowman's embracing of the pickpocketing comparison. Investing in social care for elderly people, trying to look after people in hospitals through the NHS and educating our children are not pickpocketing. That is not theft; it is investing in and caring for our people. I hope that Bill Bowman will reflect on the language that he uses. He should remember the 22 Tory tax rises that John Major introduced. We did not condemn him at that time for pickpocketing; we said that he was stealthy and dishonest about that, but he definitely did not pickpocket, because tax can be a force for good to invest in public services for the future of the country.

I was incredibly worried when John Mason said on two occasions that his thinking was similar to mine. I might not sleep tonight as a result of that. I am deeply concerned that perhaps John Mason and I are aligning somehow in political thinking and I will need to rethink our political position all over again if that is going to happen.

There is one thing that the Conservatives should rethink. I know that we are not allowed to use props, but I would like to use this piece of paper in my hands because I think that Murdo Fraser has been reading the Fraser of Allander institute graph upside down. My graph from the Fraser of Allander institute shows the resource budget falling in real terms—it goes down. He might have been reading the graph with the paper upside down, but I read it this way, with the paper the

right way up. I try to work out where the wording is—it is at the top of the chart—and I read the chart in the same direction as the wording rather than upside down.

Murdo Fraser should recognise that there is a real-terms cut to the budget. He also needs to recognise that his Government—*[Interruption.]* The Conservatives do not like my pointing out the fact that the Conservative Government is cutting the Scottish Government's revenue budget in real terms. Jackie Baillie was absolutely spot on once again in saying that this year there is a £250 million cut in real terms to the resource budget. She was absolutely spot on and that is why the Conservatives were rather embarrassed during Jackie Baillie's speech.

We can also look at what the OBR has said about growth, with GDP forecasts having fallen every year and a real problem with inflation as a result of the fall in the value of the pound, which is a direct result of the Conservatives' reckless gamble with a hard Brexit. We also have very concerning figures today about unemployment and employment. We really need to think again about investing in the skills and talents of our people, because that is the way that we drive forward our economy in this country. We do not do it by cutting funding for education; we do it by investing in colleges and making sure that we reverse the decline in part-time places, and by investing in young people so that we have an opportunity of closing the inequality gap and ensuring that everyone participates in the future of the economy. That is the way to grow the economy, not the way of the Conservatives—and that is why we should reject their motion.

16:32

Patrick Harvie: We have had some fairly predictable knockabout stuff around which political party or Government is to blame for the downturn in the economy and which is to take the credit for what little good news there is. We also have a motion that misses the opportunity to have a substantial debate about tax policy, as it obsesses about one band of one tax. There have been some very good speeches, though. John Mason was just mentioned, and he is someone with whom I disagree on a great many fundamental issues. However, he did at least attempt to engage with the debate about the reform of tax policy. When an individual member or a political party changes their position, my instinct is not to jump up and down, wag my finger and say, "Ah! We told you so," but to welcome the fact that the debate is moving on.

James Dornan and Neil Findlay were among the members whose speeches recognised that real-world experience of poverty and inequality in our

society should matter more to us in this debate than graphs in the Fraser of Allander report—valuable though they are, that lived experience matters more. Ben Macpherson’s speech reminded some of us what many people forget about some of Adam Smith’s writing. In that regard, my colleague Andy Wightman has had opportunities to remind the Conservatives in previous debates that the principles of taxation were written before income tax was in fact introduced. If we are going to have a proper, meaningful debate about tax reform, we should undertake it with the breadth that that implies.

The Smith commission got many things wrong, and I accept my full share of responsibility for that. However, the basic proposition that tax policy in Scotland should at least be largely determined in Scotland was agreed by all sides. The idea that the Conservatives appear to have advanced since that time—that taxes in Scotland should never be increased beyond those that are applied south of the border—is absurd. There is no basis on which it can be argued that that principle should operate in one direction but not the other, and if it applies in both directions it is a recipe only for tax competition, unending austerity and the brutal inequality that results. The Scottish Parliament and Government have responsibility for income tax policy in Scotland, and we should have the courage to debate that comprehensively.

Adam Tomkins gave a detailed speech about infrastructure, the city region deal and capital spending. We did not hear anything about income tax until his final sentence but, even so, if Adam Tomkins, or anybody else, would like to tell me why someone on an MSP’s salary, which will rise to £62,000 this coming year, would be reduced to penury if we had to pay a fair tax rise, I will listen to them. Why is it that somebody on our high salaries could not afford to pay a bit more tax? I have made that challenge in the chamber, on public platforms, during hustings and in the media time after time, and no one has yet answered it.

Neil Findlay: Will the member take an intervention?

Patrick Harvie: I suspect that Neil Findlay might give me a different take on that.

Neil Findlay: Indeed, I will. Does Patrick Harvie not understand that, even if that were to happen, Mr Tomkins, for example, would not be affected, because he has three jobs?

Patrick Harvie: I want to save Professor Tomkins’s blushes, after the embarrassment that he must have felt when Murdo Fraser, in his opening speech, condemned those who have second jobs, so let us just take that as read.

Let us get real about incomes in Scotland. We are talking about income tax, so let us be honest

about the nature of incomes in Scotland. The median full-time salary in Scotland is just over £28,000 and the median for all working people is £23,000. That is what a middle income is in Scotland right now. Since 2009, people have seen real-terms wage cuts of around 8 per cent, and that has had the hardest impact on those at the lowest end, below that median, and those with the most precarious work, including part-time workers, 70 per cent of whom are women. However, many people still have a distorted view of income inequalities. During the debate, a Conservative supporter told me online that £45,000 is not a high income—he said that £40,000 to £120,000 counts as “middle class”.

Maurice Golden repeated an assertion that he gave in the stage 3 debate on the budget at the beginning of this calendar year when he talked about the change to the higher-rate threshold affecting “middle earners”. People earning £43,000 are not middle earners. It is called the higher rate because it applies to higher earnings. Middle incomes in Scotland right now are £23,000 or £28,000, so we need to get a bit realistic about that.

After making that comment, Maurice Golden let the mask slip somewhat when he said that he wants people to “vote with their wallets.” He is asking people to go into a ballot box to participate in the democratic process and ask themselves not how they can contribute to a fair and decent society or how they can ensure that their neighbour has food to put on the table but how they can ensure that their wallet feels a little fatter in their pocket. That is what the Conservative party represents in the debate—it is the party that wants to serve the interests of those who have financial riches but who are morally bankrupt.

As we recognise that food poverty has returned on a scale that many thought would never happen again in our society, we have a responsibility to use tax policy to close the inequality gap and fund vital services.

The Deputy Presiding Officer: I call James Kelly to close for Labour. You have six minutes or thereabouts, Mr Kelly. [*Applause.*]

16:39

James Kelly (Glasgow) (Lab): I thank the Tory members for that applause.

I welcome the opportunity to close the debate on behalf of Labour and to speak in support of the Labour amendment.

The debate started with a speech by Murdo Fraser in which he concentrated on the issue of tax. It is a speech that we have heard many times before from him. It was a bit like groundhog day.

As ever, his obsession with delivering a tax policy that benefits those who are better off spared no thought for the consequences for those in local communities who will face swingeing cuts as a result of Tory policies.

Jackie Baillie was correct to point out that we must see that in the context that the Tory budget allocates £199 million less to the revenue grant for Scotland. That will have a real impact on communities throughout Scotland, which is why we will see a continuation of the Tory austerity policies that we have seen since 2010. That is manifested in the implementation of such policies as universal credit, with crucial delays in people receiving benefits, which results in people being short of money and unable to afford proper amounts of food or to pay rent. Sadly, we have also seen people driven on to the street. When I left Waverley station this morning, I saw a young man sleeping on the street in a puddle in pouring icy rain. That is the sort of consequence that the Tory members do not want to know about. Murdo Fraser might think that it is fine to look down and play on his phone, but the reality is that people are sleeping rough on the streets and being driven into poverty as a result of the policies that have been pursued by the Tory Government.

In the first week after the summer recess, we debated the programme for government. Members may remember that the Tories' big idea towards the end of the summer recess was the sudden discovery of the need for social housing, and we heard member after member speak about housing in that debate. However, we did not hear anything about that today in a debate that is, in essence, a rehearsal for the debate on the budget priorities that will be announced by Derek Mackay tomorrow. The Tories' legacy on housing is the fact that the policy that they pursued during the 1980s and 1990s ran down the public sector housing stock, coupled with swingeing cuts to local authority budgets.

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

James Kelly: I do not want to take an intervention at this time.

Adam Tomkins's speech was about growth and the importance of the growth of Glasgow's economy. We heard absolutely nothing about the importance of Glasgow City Council's budget in producing that growth in Glasgow. Reducing a budget by £33 million will undermine growth. I challenge Mr Tomkins to join me tomorrow in arguing for a fair settlement for Glasgow City Council and the rest of the councils across Scotland. Neil Findlay correctly pointed out that the swingeing nature of those cuts not only reduces council budgets but reduces people's dignity. Tomorrow is a very big day for the cabinet

secretary, Derek Mackay. As Richard Leonard pointed out, it will be an opportunity to use the Parliament's powers to promote a progressive budget that will make a real difference on some of the issues that the country faces.

We need only look at Kenny MacAskill's newspaper column yesterday, which said that police officers are now being "run ragged", with the result that the public should not expect them to be available to investigate low-level crime. I am sure that that comment has come as a shock and will give no comfort to people in local communities who face the prospect of antisocial behaviour or vandalism.

Let us see what happens tomorrow, as that will be the opportunity for the SNP to come off the fence on taxation. Let the Government give us a budget that supports local councils, because they are an important driver of economic growth; let us have fair pay for public sector workers around Scotland; let us make a real difference and stand together against Tory austerity; and let us produce progressive taxation in a budget that is bold for Scotland and that will be welcomed by Scotland's communities.

16:45

Derek Mackay: I will start on a slightly lighter note. I have learned a few things this afternoon. First, I learned that James Kelly is Labour's finance spokesperson, which is immensely helpful. Secondly, I learned that, due to Ruth Davidson's prospects of going to Westminster, Murdo Fraser has already launched his leadership bid—he might win this time. Thirdly, I learned that Willie Rennie is conflicted in terms of this afternoon's debate but that it is not all John Mason's fault.

In essence, we have debated tax and how it relates to the budget. The serious and substantial point is that it was entirely appropriate for James Dornan to outline real-life human stories, yet the Tories sneered, laughed and howled at the stories of the pain and suffering that is being experienced in communities around the United Kingdom because of the decisions that the right-wing Tory UK Government is making about living standards, the economy and finance. That relates to Patrick Harvie's point about what we do with taxation—its contribution to society—and how members like Edward Mountain asked what that had to do with the debate. How we raise and spend resources really matters, and the Tories have been exposed in this debate for wanting to raise less and spend more. That is just not possible.

There is a dishonesty in the Tory position today.

Adam Tomkins: Will the cabinet secretary take an intervention?

Derek Mackay: Not right now.

The dishonesty is that they have said that they want to stick to their manifesto position but that is not what they are proposing. They have said that they want exactly the same level of taxation as England or less, which would be a race to the bottom. It would mean fewer resources for our public services; tuition fees; less support for care for older people and for childcare; no universal free school meals; and the reintroduction of prescription charges. The Tories want to cut tax for the richest in our society.

Kate Forbes and Ivan McKee gave potent speeches that were forensic analyses of the Tory economic strategy, which has failed—and continues to fail—people not just in Scotland but right around the UK.

We have said that we will look at the evidence and information before us to come to a balanced decision on taxation. However, in an almost Donald Trump-esque style, the Tories asked why we were listening to experts—in particular, they challenged Anton Muscatelli—and said that we should not confuse them with all those expert opinions. It is our understanding of the issues before us that will inform our decisions on tax.

Adam Tomkins: Will the cabinet secretary take an intervention on that point?

Derek Mackay: Not right now.

In the budget, I have committed to delivering stability, stimulus and sustainability for our public services. I also committed to those things in our ambitious programme for government, which focused on education, the economy and the environment. We have to make the right decisions about taxation and how we pay for our priorities, and it is when we hear people's real-life stories that how we support our society and how we mitigate the impacts of the welfare reductions that are coming from the Tory UK Government really matter. Those things speak to the kind of society that we want to build.

Adam Tomkins: I am sure that the cabinet secretary will want to welcome Kezia Dugdale back to the chamber from the jungle—and into the wilderness.

I have a serious question about his tax proposals. Has the cabinet secretary consulted HMRC to establish the possible harm to pension relief for more than 890,000 basic rate taxpayers if a new band is created at the £24,000 threshold next year? *[Interruption.]* I am glad that Jackie Baillie thinks that that is funny.

Derek Mackay: Adam Tomkins made a number of points earlier and during that intervention. The UK Government must take some responsibility for the UK economy. It is partly responsible for the

economic performance in Scotland and it should do more. The Scottish Government engages with HMRC to ensure that any changes that we propose are factored into HMRC's workings and preparations.

On our tax proposition, our powers are limited, as we do not have complete control over all elements of taxation. I wish that it were not so, but it is people like the Conservatives who have prevented the full transfer of powers to this Parliament to allow this country to tackle any anomalies. We want the full range of tax levers so that we can deliver a better society.

The Government's tests in relation to taxation include the principles of progressivity, the protection of lower-income earners, support for the economy and the sustaining and promotion of our public services. We will get the balance right. I have engaged in round-table meetings with key stakeholders from across civic society and the business community, I have listened to expert advice from the Council of Economic Advisers and I have looked at the forecasts from the Scottish Fiscal Commission, which is now discharging its duties as an independent organisation and providing us with forecasts. That engagement will bear fruit when I present the draft budget tomorrow.

Faced with the economic recklessness of the UK Government, the uncertainty of Brexit and the damage that it is wreaking on the UK and Scotland—particularly through the continuation of the principle of austerity and reduced real-terms resources for our front-line services, as conceded by every member of the Parliament other than the Conservatives—I look forward to presenting a budget tomorrow that will be about investing in our future, protecting our public services, using our tax system in a fair and progressive way and building a better Scotland.

16:52

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

The debate today has covered a number of the fiscal and economic considerations that will be central to the budget tomorrow, not least of which is the question of income tax and whether the budget will increase the income tax burden on the hard-working people of Scotland.

My colleagues have provided the finance secretary with a stark reminder that any increase in the basic rate of income tax will break a critical manifesto promise on which his Government was elected.

The fiscal reality is that the SNP does not need to increase the basic rate of income tax, or any other tax for that matter, because the total block grant funding from the UK Government will

increase in real terms over the next three years. Page 17 of yesterday's Fraser of Allander institute report makes it clear that the Scottish Government's total block grant is on track to increase over the next three financial years.

We are having a debate on the level of tax revenues in Scotland not because of a decline in the UK block grant but because of SNP failures in three critical areas. The first is the failure to grow the economy. We now have an SNP economy that is characterised by low growth, low wages and low productivity. The economy has grown by 0.1 per cent in five of the past six quarters and is growing at a third of the UK rate.

Under the fiscal framework that was negotiated by the SNP, that economic gap will have a real negative impact on Scotland's budget going forward. That is why we, along with every leading business organisation, are calling for urgent action now to grow the economy. Increasing tax will only damage the economy and runs the risk of tipping Scotland into recession.

Kate Forbes: Based on that logic, how does the member explain the slashed economic growth forecasts on the day that his Tory colleague in the UK Government announced his budget?

Dean Lockhart: I think that the member will find that the forecast growth for the UK economy is still significantly higher than the forecast growth for the Scottish economy under her Government.

Secondly, the SNP's mismanagement of public services means that, despite increasing Barnett consequentials and much higher spending per capita than elsewhere in the UK, public services across Scotland are suffering because of the SNP's mismanagement of the national health service, education, Police Scotland and other vital services.

Thirdly, this Government's incompetence has resulted in £1 billion of taxpayers' money being wasted through overspending and waste.

There we have it. If the SNP decides to increase tax in tomorrow's budget, it is not because funding from the UK Government has been cut but because of the SNP's on-going failure to grow the economy, its mismanagement of public services and its wasteful incompetence as a Government. It is the hard-working people of Scotland who will be paying the price for those SNP failures and broken promises.

During the debate, we heard from Labour, the Greens and the Liberal Democrats, who all confirmed their support for increasing the tax burden on the hard-working people of Scotland, and three of the four scenarios that are outlined in the SNP's consultation paper do likewise. On this side of the chamber, my colleagues have made a

powerful and compelling case against any increase in tax. There is no electoral mandate, no financial requirement and no economic justification to increase tax in Scotland.

On the mandate, page 17 of the SNP's Holyrood manifesto could not be clearer. It says:

"We will freeze the Basic Rate of Income Tax throughout the next Parliament to protect those on low and middle incomes."

That text is also included in our motion today but, rather bizarrely, John Mason described the position as illogical and said that it did not make economic sense.

John Mason: Will the member give way?

Dean Lockhart: Similarly, James Dornan described it as "a vacuous pretence". Perhaps that explains why the SNP MSPs will today vote against their own Holyrood manifesto.

Members: Give way!

The Deputy Presiding Officer: I ask Mr Mason to sit down; Mr Lockhart is not taking the intervention.

Dean Lockhart: The Scottish Conservatives had the same manifesto commitment not to increase the basic rate of tax. That means that 94 MSPs in the chamber were elected on the basis of a manifesto commitment not to increase the basic rate of tax. This is a Parliament of minorities, but it was not elected to be a Parliament of tax-increasing minorities. There is no electoral mandate in the chamber to increase the basic rate of tax.

Financially, there is no need to increase tax tomorrow in Mr Mackay's budget—as I said, the Scottish Government's total block grant is going up. The Scottish Government will receive an extra £2 billion in Barnett consequentials over the next four years. However, in his remarks, Mr Mackay complained that that was the wrong type of money. Only the SNP could get £2 billion of additional money and then complain about it being the wrong type of money.

Tom Arthur: Mr Lockhart and his Tory colleagues seem to be in the middle of a grand exercise in gaslighting. I will ask a very specific question: is the resource budget—not the capital budget or financial transactions—going up or down?

Dean Lockhart: I recommend that Mr Arthur reads the financial analysis by the Fraser of Allander institute. Page 17 of its report says that the Scottish Government's block grant is increasing.

The economic case against a tax increase could not be more compelling. There is now a serious

consensus in Scotland's business community that higher tax will cause real and lasting damage to the economy. Business organisations have given a number of compelling reasons not to increase tax. I will remind the finance secretary what they said.

The Scottish Retail Consortium said that any tax increase will have a negative multiplier effect on the economy, that Scotland already has the lowest disposable income and consumer confidence of any part of the UK and that any further reduction in take-home pay will damage the economy.

The Federation of Small Businesses said that higher income tax will increase the costs of doing business in Scotland and noted that it would come on top of Mr Mackay's large business supplement, higher business rates and lower business confidence in Scotland.

According to the CBI, increasing tax in Scotland will exacerbate the skills gap, make it more difficult for business in Scotland to attract and retain talent and make investors think twice about setting up in Scotland.

Scottish Chambers of Commerce has warned that making Scotland a high-tax country will cause long-term damage to Scotland's international investment profile.

Those are the views of leading business organisations in Scotland. They represent hundreds of thousands of large and small businesses across Scotland that employ millions of people. They have made it clear that increasing tax will damage the economy. Perhaps Mr Mackay can tell the chamber what he knows about the economy, about business and about expanding the tax base that those organisations do not know. If Mr Mackay listens to business, he will know that the only long-term, sustainable way to fund world-class public services in Scotland is for Scotland to increase and realise its economic potential and become a high-wage, high-growth, innovative and enterprising economy. For that to happen, we need a new direction in economic policy.

That change in economic direction can start with the budget tomorrow. That is why we are calling on the finance secretary in his budget to reverse the SNP policy of making Scotland the most highly taxed part of the UK, and not to increase income tax on the hard-working people of Scotland but to honour his Government's promise and manifesto commitment not to increase the basic rate of tax.

I support the motion in Murdo Fraser's name.

Business Motions

17:01

The Presiding Officer (Ken Macintosh): The next item of business is consideration of three business motions: S5M-09545, setting out a business programme; and S5M-09541 and S5M-09548, on stage 1 timetables for two bills.

Motions moved,

That the Parliament agrees—

(a) the following programme of business—

Tuesday 19 December 2017

2.00 pm Time for Reflection

followed by Parliamentary Bureau Motions

followed by Topical Questions (if selected)

followed by Ministerial Statement: Programme to reach 100% access to superfast broadband in Scotland

followed by Stage 1 Debate: Social Security (Scotland) Bill

followed by Financial Resolution: Social Security (Scotland) Bill

followed by Business Motions

followed by Parliamentary Bureau Motions

5.00 pm Decision Time

followed by Members' Business

Wednesday 20 December 2017

1.15 pm Parliamentary Bureau Motions

1.15 pm Members' Business

2.00 pm Portfolio Questions
Environment, Climate Change and Land Reform;
Rural Economy and Connectivity

followed by Ministerial Statement: Publication of the Scottish Energy Strategy

followed by Ministerial Statement: The Ferry Services Procurement Policy Review

followed by Stage 3 Proceedings: Wild Animals in Travelling Circuses (Scotland) Bill

followed by Business Motions

followed by Parliamentary Bureau Motions

5.00 pm Decision Time

followed by Members' Business

Thursday 21 December 2017

11.40 am Parliamentary Bureau Motions

11.40 am General Questions

12.00 pm First Minister's Questions

12.45 pm Decision Time

Tuesday 9 January 2018

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 10 January 2018

2.00 pm Parliamentary Bureau Motions
 2.00 pm Portfolio Questions
 Justice and the Law Officers;
 Culture, Tourism and External Affairs
followed by Scottish Government Business
followed by Business Motions
followed by Parliamentary Bureau Motions
 5.00 pm Decision Time
followed by Members' Business

Thursday 11 January 2018

11.40 am Parliamentary Bureau Motions
 11.40 am General Questions
 12.00 pm First Minister's Questions
followed by Members' Business
 2.30 pm Parliamentary Bureau Motions
 2.30 pm Scottish Government Business
followed by Business Motions
followed by Parliamentary Bureau Motions
 5.00 pm Decision Time

and (b) that, in relation to First Minister's Questions on 21 December, in rule 13.6.2, insert at end "and may provide an opportunity for Party Leaders or their representatives to question the First Minister".

That the Parliament agrees that consideration of the Civil Litigation (Expenses and Group Proceedings) (Scotland) Bill at stage 1 be extended to 19 January 2018.

That the Parliament agrees that the deadline of 22 December 2017 for consideration of the Children and Young People (Information Sharing) (Scotland) Bill at stage 1 no longer applies.—[*Joe FitzPatrick*]

Motions agreed to.

Parliamentary Bureau Motions

17:02

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

Motions moved,

That the Parliament agrees that the First-tier Tribunal for Scotland (Transfer of Functions of the Additional Support Needs Tribunals for Scotland) Regulations 2018 [draft] be approved.

That the Parliament agrees that the First-tier Tribunal for Scotland Health and Education Chamber and Upper Tribunal for Scotland (Composition) Regulations 2018 [draft] be approved.

That the Parliament agrees that the First-tier Tribunal for Scotland General Regulatory Chamber Charity Appeals Cases and Upper Tribunal for Scotland (Composition) Regulations 2018 [draft] be approved.

That the Parliament agrees that the First-tier Tribunal for Scotland (Transfer of Functions of the Scottish Charity Appeals Panel) Regulations 2018 [draft] be approved.

That the Parliament agrees that the Public Records (Scotland) Act 2011 (Authorities) Amendment Order 2018 [draft] be approved.—[*Joe FitzPatrick*]

Decision Time

17:02

The Presiding Officer (Ken Macintosh): I remind members that, if the amendment in the name of Derek Mackay is agreed to, all other amendments will fall. The first question is, that amendment S5M-09513.4, in the name of Derek Mackay, which seeks to amend motion S5M-09513, in the name of Murdo Fraser, 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)
 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)
 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)
 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)
 McKee, Ivan (Glasgow Provan) (SNP)
 McMillan, Stuart (Greenock and Inverclyde) (SNP)
 Neil, Alex (Airdrie and Shotts) (SNP)
 Rennie, Willie (North East Fife) (LD)
 Robison, Shona (Dundee City East) (SNP)

Ross, Gail (Caithness, Sutherland and Ross) (SNP)
 Rumbles, Mike (North East Scotland) (LD)
 Russell, Michael (Argyll and Bute) (SNP)
 Scott, Tavish (Shetland Islands) (LD)
 Somerville, Shirley-Anne (Dunfermline) (SNP)
 Stevenson, Stewart (Banffshire and Buchan Coast) (SNP)
 Stewart, Kevin (Aberdeen Central) (SNP)
 Sturgeon, Nicola (Glasgow Southside) (SNP)
 Swinney, John (Perthshire North) (SNP)
 Todd, Maree (Highlands and Islands) (SNP)
 Torrance, David (Kirkcaldy) (SNP)
 Watt, Maureen (Aberdeen South and North Kincardine) (SNP)
 Wheelhouse, Paul (South Scotland) (SNP)
 White, Sandra (Glasgow Kelvin) (SNP)
 Yousaf, Humza (Glasgow Pollok) (SNP)

Against

Baillie, Jackie (Dumbarton) (Lab)
 Baker, Claire (Mid Scotland and Fife) (Lab)
 Balfour, Jeremy (Lothian) (Con)
 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)
 Carson, Finlay (Galloway and West Dumfries) (Con)
 Chapman, Peter (North East Scotland) (Con)
 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)
 Mitchell, Margaret (Central Scotland) (Con)
 Mountain, Edward (Highlands and Islands) (Con)
 Mundell, Oliver (Dumfriesshire) (Con)
 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, 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 64, Against 56, Abstentions 0.

Amendment agreed to.

The Presiding Officer: All the other amendments fall. Therefore, the next question is, that motion S5M-09513, in the name of Murdo Fraser, on finance, as amended, 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)
 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)
 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)
 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)
 McKee, Ivan (Glasgow Provan) (SNP)
 McMillan, Stuart (Greenock and Inverclyde) (SNP)
 Neil, Alex (Airdrie and Shotts) (SNP)
 Rennie, Willie (North East Fife) (LD)
 Robison, Shona (Dundee City East) (SNP)

Ross, Gail (Caithness, Sutherland and Ross) (SNP)
 Rumbles, Mike (North East Scotland) (LD)
 Russell, Michael (Argyll and Bute) (SNP)
 Scott, Tavish (Shetland Islands) (LD)
 Somerville, Shirley-Anne (Dunfermline) (SNP)
 Stevenson, Stewart (Banffshire and Buchan Coast) (SNP)
 Stewart, Kevin (Aberdeen Central) (SNP)
 Sturgeon, Nicola (Glasgow Southside) (SNP)
 Swinney, John (Perthshire North) (SNP)
 Todd, Maree (Highlands and Islands) (SNP)
 Torrance, David (Kirkcaldy) (SNP)
 Watt, Maureen (Aberdeen South and North Kincardine) (SNP)
 Wheelhouse, Paul (South Scotland) (SNP)
 White, Sandra (Glasgow Kelvin) (SNP)
 Yousaf, Humza (Glasgow Pollok) (SNP)

Against

Baillie, Jackie (Dumbarton) (Lab)
 Baker, Claire (Mid Scotland and Fife) (Lab)
 Balfour, Jeremy (Lothian) (Con)
 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)
 Carson, Finlay (Galloway and West Dumfries) (Con)
 Chapman, Peter (North East Scotland) (Con)
 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)
 Mitchell, Margaret (Central Scotland) (Con)
 Mountain, Edward (Highlands and Islands) (Con)
 Mundell, Oliver (Dumfriesshire) (Con)
 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, 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 64, Against 56, Abstentions 0.

Motion, as amended, agreed to,

That the Parliament notes the continuation of austerity from the UK Conservative Government and the post-UK budget commentary from the independent Fraser of Allander Institute, which said that 'by 2019-20 the resource block grant will be around £500 million lower than in 17-18', and acknowledges that the Scottish Government will bring forward its tax and spending plans with the publication of the Draft Budget 2018-19 on 14 December.

The Presiding Officer: I propose to ask a single question on the five Parliamentary Bureau motions, unless any member objects.

The question is, that motions S5M-09542, S5M-09543, S5M-09544, S5M-09546 and S5M-09547, in the name of Joe FitzPatrick, be agreed to.

Motions agreed to.

That the Parliament agrees that the First-tier Tribunal for Scotland (Transfer of Functions of the Additional Support Needs Tribunals for Scotland) Regulations 2018 [draft] be approved.

That the Parliament agrees that the First-tier Tribunal for Scotland Health and Education Chamber and Upper Tribunal for Scotland (Composition) Regulations 2018 [draft] be approved.

That the Parliament agrees that the First-tier Tribunal for Scotland General Regulatory Chamber Charity Appeals Cases and Upper Tribunal for Scotland (Composition) Regulations 2018 [draft] be approved.

That the Parliament agrees that the First-tier Tribunal for Scotland (Transfer of Functions of the Scottish Charity Appeals Panel) Regulations 2018 [draft] be approved.

That the Parliament agrees that the Public Records (Scotland) Act 2011 (Authorities) Amendment Order 2018 [draft] be approved.

Heads Up for Harriers Project and the Role of Species Champions

The Deputy Presiding Officer (Linda Fabiani): The final item of business is a members' business debate on motion S5M-08342, in the name of Mairi Gougeon, on the heads up for harriers project and the role of species champions. The debate will be concluded without any question being put.

Motion debated,

That the Parliament commends the Heads Up for Harriers Project on what it sees as its intense efforts to protect the hen harrier from extinction; underlines what it considers the importance of the role of species champion, with currently over 90 Members signed up to be champions, in promoting and protecting many of the wildlife found across the country; believes that, with specific regard to the hen harrier, there is need for action to protect the species in light of 2016 national hen harrier survey, which suggested that there had been a 9% decline in the number of sightings in Scotland from the previous study in 2010, falling from 505 pairs to 460; understands that this national population decline is further highlighted in Angus North and Mearns and across North East Scotland, where the 2016 study found that the number of hen harrier pairs had plummeted from a peak of 28 in 1998 to just one in 2014; commends the considerable efforts of the Heads Up for Harriers Project in trying to reverse the declining population, with 2017 figures showing that 37 young birds successfully fledging from nests in seven of the 21 estates that have signed up to the project, and recognises both the specific challenges facing all species currently represented by a Member species champion and the pivotal role that it believes the champions play in promoting and preserving Scotland's wildlife.

17:06

Mairi Gougeon (Angus North and Mearns) (SNP): I start tonight's debate by speaking first to the second part of my motion and thanking Graeme Dey for all the work that he has done in promoting the species champion initiative. If it had not been for that, I would not have brought the debate in my role as species champion for the hen harrier—which is, sadly, a red-listed species of conservation concern.

It is also fair to say that I did not, when I took on the role, know what I was letting myself in for. It has been one of the most challenging and contentious things that I have undertaken in Parliament, but I am glad that I did it and that we have the dedicated time to discussing the subject today. In spite of its being challenging and contentious, my interest today is exactly the same as it was when I assumed my role as species champion for the hen harrier. My interest is the welfare of the bird itself—a magnificent raptor that I want to see flourishing in Scotland. Unfortunately, however, we are not at that stage

yet. One of the main reasons for that has been illegal persecution of the species over a long period.

Historically, the hen harrier was persecuted to extinction on mainland United Kingdom in the 19th century. A population survived in Orkney, and during the 20th century harriers managed to re-establish themselves on the mainland. In some areas the population grew to expected levels because of the suitability of the habitat. In most areas, though, harriers were still subjected to persecution, which continues to be one of the main reasons for there being so few of those raptors today.

Across Scotland, we have the habitat for the species to exist. Almost half of Scotland has habitat that is capable of supporting a hen harrier territory, with nearly 37,000km² estimated to be suitable for breeding harriers. Work that was carried out by the Joint Nature Conservation Committee, based on three national surveys of hen harriers in 1998, 2004 and 2010, and using its predictive modelling, estimated that the national hen harrier population of Scotland should be in the range of 1,467 to 1,790 breeding pairs. Instead, we have fewer than 500. The latest hen harrier survey shows that there are only 460 breeding pairs, which is a fall from 505 in 2010. In the past 12 years, the population has dropped by 27 per cent.

Harriers are particularly scarce in my constituency of Angus North and Mearns, which is an area where they have existed in the past. The British Trust for Ornithology's birdtrack project has recorded only nine sightings of harriers in Angus and eight in Aberdeenshire for 2017 so far.

So, what is being done about that? Since the "Natural Justice" initiative report in 2008, the Scottish Government has had in place a process for prevention, investigation and prosecution of wildlife crime.

There is the partnership for action against wildlife crime in Scotland—PAW Scotland—and the PAW Scotland raptor group, whose membership comprises representatives of a variety of organisations and sectors including the police, the shooting industry, the science community and conservation groups, and whose ultimate aim is to reduce raptor crime. With so many groups involved, one would think that harrier conservation would be progressing, but that has not necessarily been the case. Only this year there was the disappearance of hen harrier *Calluna* and the shooting of a hen harrier in Leadhills.

This type of crime is particularly hard to prosecute. I heard direct evidence on that in the Justice Committee when we held an inquiry on the Crown Office and Procurator Fiscal Service. The

nature of the crime means that it happens in remote areas and is particularly hard to police, given the huge areas that wildlife crime officers are expected to cover.

When I attended the hen harrier day at the Royal Society for the Protection of Birds' Loch Leven reserve in the summer with Andy Wightman and Alexander Stewart, we heard from people who are involved in investigations across the UK, looked at the simply horrific footage of what is being done to the birds and heard about how hard it has been to prosecute cases in Scotland because of the law on corroboration, in particular. We will all be aware of the case earlier this year in which video evidence of a hen harrier being shot was deemed to be inadmissible in court.

The Scottish Government held a satellite tagging review earlier this year, and measures were introduced by the Cabinet Secretary for the Environment, Climate Change and Land Reform as a result. I look forward to hearing how those are progressing, in the hope that they will tackle some of the issues that have been identified.

On preventing crime and supporting conservation, an issue that is at the heart of all this is the lack of trust between conservation groups and the commercial interests of the owners of upland habitats. I completely understand that lack of trust, but the heads up for harriers project is specifically trying to tackle it.

The project is led by Scottish Natural Heritage for PAW Scotland, which works with estates to identify, monitor and, thereby, protect hen harrier nests. It is vital because it highlights the other reasons why hen harrier nests fail and gives a fuller picture of what the species is up against. I met SNH, the wildlife crime unit and Scottish Land & Estates to discuss the project, and I saw for myself the other factors that lead to the failure of nests, including fox attacks and chicks simply overheating.

The project is still in its early stages, but the number of estates that are involved has gradually increased over the past few years, from five two years ago to 21 this year. The number of estates that are managed for driven grouse that are part of the project has risen from three in 2015 to 14 this year, and the number of estates with successful nests has risen from two in 2015 to six this year, with 37 young having successfully fledged. Those 21 estates are only a fraction of the number that exist across Scotland, so I urge the many others to get involved and to get onside with the project. Although the heads up for harriers project has its critics, we have seen the number of successful nests and successful fledglings increase, which can only be a good thing.

Another positive is the work that is carried out by the Langholm moor demonstration project, which ran from 2008 until this year, in which the use of various techniques including diversionary feeding has seen populations of hen harriers grow alongside grouse, although the final findings are still to be published. The project is not without its critics, but it is a hugely important piece of work.

If my role as species champion for the hen harrier has taught me anything, it is that this is an extremely complex issue. There is a delicate balance to be struck in conservation of this vital species. I genuinely want to thank Kelvin Thomson, Duncan Orr-Ewing, Iain Thomson and the countless others who have taken the time to meet me and help me to get to grips with some of the issues involved.

The heads up for harriers project might not be the immediate panacea, but it is a promising step in the right direction and, along with the Langholm moor demonstration project, it shows how a balance can be achieved.

We need to take every available measure to crack down on the serious crime that is committed against raptors, and to tackle the illegal persecution, of which we have all seen direct evidence and which has brought the species to the verge of extinction.

At the same time, we must recognise the good work that is taking place. We cannot tar all estates with the same brush: we must acknowledge the positive steps that some estates and gamekeepers are taking to promote the species.

We need conservation groups and shooting interests to set aside their natural distrust and to try to work together. Only then we will have a hope of protecting and encouraging growth in the numbers of this magnificent species.

17:14

Donald Cameron (Highlands and Islands) (Con): I refer members to my entry in the register of members' interests: I own a landholding in the Highland region.

I thank Mairi Gougeon for bringing this important issue to Parliament. As species champion for the merlin, I have a keen interest in the conservation and protection of our indigenous birds of prey, especially the merlin.

I recently met members of the Scottish raptor monitoring scheme, and I want to acknowledge their crucial work in surveying birds of prey. Indeed, members of the SRMS won the political advocate of the year award at the recent nature of Scotland awards, which is further proof of the important work that they have carried out.

As Mairi Gougeon said, it is important to appreciate the wide range of factors that influence raptor populations. In other words, in addition to human persecution, birds of prey face existing underlying pressures through indirect human activity and processes including urbanisation, which can cause habitat loss.

Merlin populations were heavily affected by organochlorine pesticides from the 1950s, and the species hit an all-time low in the 1960s. Despite a decrease in pesticide contamination levels since the 1980s, the merlin is still the most heavily contaminated species of raptor in the UK, according to the RSPB. Populations have been slow to recover and have been hindered further by human activity, which can directly affect the breeding success rate. In 2015, the merlin had the highest percentage of breeding failures that were caused by direct human activity.

As we are all aware, deliberate and illegal persecution continues to threaten the very existence of raptors. We need to end that persecution and find a way in which we can grow and sustain raptor populations in Scotland.

There has been much criticism of people in the grouse industry who actively persecute birds of prey. I think that we all acknowledge that grouse shooting is an important industry for the rural economy of our country. The vast majority of land managers, whether they are owners or employees, use sustainable environmental management practices to a high standard and operate within the law.

It is important to note that many estates carry out measures to conserve and preserve raptor populations. Although I have become quite involved in issues to do with the merlin, I did not know a lot about harriers until this debate about the heads up for harriers project. I commend Mairi Gougeon for promoting the work, and I am delighted that 21 estates have signed up to the project.

Raising awareness is only one side of the coin; we need to work with projects and with estates to encourage people to take an active role in protection of birds of prey. In my view, collaboration is key. I note the supportive briefing that Scottish Land & Estates has provided for the debate. The heads up for harriers project is certainly a model to be followed in other parts of Scotland.

We have to acknowledge that there remains a small minority of people who continue to take a number of extreme and illegal measures to increase grouse populations, including unlawful persecution of raptors. Those actions are deplorable and we should all condemn them.

One of the main challenges that we face in conservation of birds is the collection of data. The number of confirmed cases of persecution fluctuates noticeably, largely due to the fact that cases are stumbled upon by chance. The Scottish raptor study group insists that such cases

“represent just the tip of a large iceberg”,

when it comes to the real figure for crimes that are committed. That is why the work of projects such as heads up for harriers and the Scottish raptor monitoring scheme is so important. Their continuing efforts to gather more data will help us to establish how best to deal with the issue.

However, there is room for optimism: the problem is not beyond our control. Over the past 30 years, we have seen numbers recover in several raptor species: buzzards are now common in many parts of Scotland, and ospreys have been the subject of significant investment in nest protection schemes. I am acutely aware of osprey success in my home, Lochaber.

By raising awareness and encouraging active engagement with conservation schemes such as heads up for harriers, I am confident that we can save our indigenous birds of prey from extinction.

17:19

Christine Grahame (Midlothian South, Tweeddale and Lauderdale) (SNP): I congratulate Mairi Gougeon on securing this debate and I declare an interest, as a member of the RSPB.

I speak in a more light-hearted vein, as species champion for the house sparrow. I have every right to do so, as every morning without fail I feed a flock of some 20 house sparrows, which commute from my neighbour's holly tree to my plentiful feeding stations, take a dip in another neighbour's bird bath, perch on my weeping birch to preen themselves and then return to the safety of the holly tree. They have living the good life down to a T.

But let me take members back 66 million years, to the time when dinosaurs ruled the world. Then, an asteroid struck what is now the Yucatán peninsula in Mexico, sending a rain of debris around the world that set every forest ablaze. The soot, ash and debris that were thrown into the atmosphere blocked out the sun for several years.

Life on earth was devastated. With the sun blocked out, plants would have died off around the whole globe, decimating the plant-eating dinosaurs and the carnivores that preyed on them. Perhaps only seeds would have survived, and a small group of dinosaurs existing primarily on seeds and insects, for which teeth would not be necessary.

Birds have no teeth, which brings us back to the house sparrow. As a small seed-eating bird it is very close to the kind of dinosaur that would have survived that mass extinction. Their size would have allowed some to hide and shelter when the blast wave came, and their seed-eating habits would have given them a plentiful supply of food. That leads me to an observation that we do not hear very often: are we listening to bird song in the morning, or is it dinosaur song?

That diversion explains why that wee unglamorous bird knows to this day how to make it through life's challenges. I conclude, as I have before, with Norman McCaig's poem "Sparrow", which wraps it all up.

“He's no artist.
His taste in clothes is more
dowdy than gaudy.
And his nest—that blackbird, writing
pretty scrolls on the air with the gold nib of his beak,
would call it a slum.

To stalk solitary on lawns,
to sing solitary in midnight trees,
to glide solitary over gray Atlantics—
not for him: he'd rather
a punch-up in a gutter.

He carries what learning he has
lightly—it is in fact, based only
on the usefulness whose result
is survival. A proletarian bird.
No scholar.

But when winter soft-shoes in
and these other birds—
ballet dancers, musicians, architects—
die the snow
and freeze to branches,
watch him happily flying
on the O-levels and A-levels
of the air.”

Yes—his dinosaur predecessors survived the asteroid attack, so it is no skin off his beak to survive a Scottish winter.

17:22

David Stewart (Highlands and Islands) (Lab): I congratulate Mairi Gougeon for securing the debate and thank her for her work as species champion for hen harriers. She seems to be extremely conscientious in that and she gave an excellent speech.

I am species champion for the great yellow bumblebee and once a year, for these debates, the great yellow bumblebee badge gets taken out of the box so that I can proudly wear it in the chamber. It is a species that was once found across the whole of the United Kingdom, but it is now found only on the north coast of Scotland and some of the islands.

Like the great yellow bumblebee—as we have already heard—hen harriers are facing serious

decline and need urgent help. That is why it is important that we get the opportunity to congratulate the heads up for harriers project and to discuss the further work that needs to be done to protect those birds.

According to the latest study by the RSPB, the numbers of the iconic raptor have fallen by nearly 10 per cent since 2010. As we have heard, hen harriers are down to 500 breeding pairs, which makes the species vulnerable to the effects of habitat degradation and wildlife crime. Studies suggest that the main reason for the decline in hen harrier numbers is persecution—illegal killings and trappings of nesting pairs. The number of harriers near driven grouse moor areas is particularly low, and in some areas they are regionally extinct.

The hen harriers are wonderful birds of prey. They are native to Scotland, and they hold much interest due to the males' sky-dancing mating display to attract females, in which they circle above the ground and then plummet to the earth before sweeping up at the last moment, rolling over and heading down again. I recommend that for Christmas parties, perhaps—people might want to try to interpret it.

With more than 80 per cent of the UK population of hen harriers based in Scotland, it is an extremely worrying sign when the numbers here drop. By the end of the 19th century, they could be found only in the northern and western isles, where there was no persecution. Conservationists have been working extremely hard since then and numbers peaked in the 1960s and 1970s, but they have since started to decline again. As we have heard, in 2017, 21 estates signed up to the heads up for hen harriers scheme, and seven estates had successful nests, with 37 young fledglings.

More needs to be done. Getting more estates, particularly those with grouse moors, signed up to the project would increase research on how many young there are, but the work cannot stop at the nest, because once the chicks leave, illegal persecution is still a problem.

Almost all the losses have occurred in areas managed intensively for driven grouse shooting. There should be more investment in satellite tagging. The birds must be monitored so that their progress can be followed. I strongly endorse the RSPB's LIFE project, which incorporates satellite tagging, on-the-ground monitoring, nest protection and work with volunteers to protect hen harriers across northern England and southern and eastern Scotland.

We also need to support the Scottish SPCA and the police in cracking down on wildlife crime across Scotland, and ensuring that both the penalties and the conviction rates are increased significantly.

I thank the member again for initiating this debate. Hen harriers are a barometer of the health of our biodiversity in rural Scotland. We must support every initiative and opportunity to support this iconic raptor.

17:25

Graeme Dey (Angus South) (SNP): I congratulate Mairi Gougeon on securing this debate, and apologise to you, Presiding Officer, and to the members in the chamber, for having to leave before the debate has concluded, owing to another engagement.

The issue of hen harriers—or lack of them—in areas of Scotland is deeply serious. The polarised views on the subject sadly reflect the wider argument on raptor persecution.

Nothing can be done to change the past unacceptable, criminal and historical persecution of these birds, so, without in any way seeking to gloss over what may have happened, I will focus on the here and now and, indeed, the future, which undoubtedly must have the heads up for harriers project at its heart.

Although the headline figures of having 21 estates participating in the scheme, which produced 37 young this year, are pleasing, particularly when 11 of those estates are located in the Angus glens and Aberdeenshire, which have such a poor reputation around hen harriers, I was more intrigued by the underlying data. A total of 11 nests were monitored, with nine producing those 37 birds. Incidentally, that compares with five nests fledging 14 chicks in 2016. The reasons behind the failure of the other two nests were what caught my eye. The first failure was down to fox predation; at the other nest, which was located on a grouse moor in the Angus glens—an area where, notoriously, no hen harriers have been recorded for many years—natural causes were at the root of the failure.

In the black and white world of raptor persecution, the absence of hen harriers, or nest failure, is almost inevitably blamed on illegal activities—and let us be clear that such activity is utterly unacceptable—but here we have evidence to back the counterargument that, sometimes, although not as often as some might argue, there are other explanations. Therefore, although we need to clamp down hard on human predators, there must also be a role for managing the other issues.

For those of us who occupy that middle ground—who abhor raptor persecution, but are frustrated by the attitude and approach adopted by some at the other end of the argument—the key to making progress is evidence, as well as, I would contend, enforcing the muirburn code and thereby

ensuring that potential hen harrier habitat is not removed by burning hillsides of a certain gradient in breach of the regulations.

Claudia Beamish (South Scotland) (Lab):

Does the member agree that, on persecution, it is important that we analyse the possibility of not requiring corroboration for the terrible crimes that happen, because of the remoteness of the areas in which they happen. Leadhills, which is in my constituency, is an example.

Graeme Dey: That is a difficult topic to address in a debate of this nature.

As I was saying, it is only with evidence and by enforcing the muirburn code properly that we will challenge those who are guilty of exaggeration and those who are indulging in deflection and denial, and make the progress that the overwhelming majority of us want to see being made.

To that end, let us send a message from this Parliament tonight that we want to see many more estates, particularly those involved in driven grouse shooting, participating in the heads up for harriers scheme, thereby restoring species numbers and developing our understanding of the impediments to that.

Mairi Gougeon's motion references not only her championing of the hen harrier, but the wider species champion programme. I am proud to be an active participant in the programme, but rather than wax lyrical about my role, I will highlight the work of some of the real heroes of the scheme—not the MSPs who front it, and not even Scottish Environment LINK and its member organisations, but the people who are out in the field almost daily, seeking to save these species. Right at the heart of that work stands the staff of the Royal Botanic Garden Edinburgh.

I had previously visited the botanics to learn about the work that it was doing to restore woolly willow numbers, and I heard about its replanting activities in Glen Doll in my constituency, but three months ago I joined the staff on an expedition to Corrie Sharroch and saw up close and personal the lengths that they go to in order to deliver their objectives. They were in the area to replant alpine blue-sow-thistle, which is another of the 181 threatened Scottish plant species. I tagged along in order to view the nearby woolly willows; I say that they were nearby, but the alpine blue-sow-thistle was in some rather high-altitude, inaccessible locations. The heights that the botanists scaled to plant alpine blue-sow were quite literally on another level. It was dangerous work.

Those guys are the real heroes of the species champions programme, but the irony is that, as a non-non-governmental organisation, the Royal

Botanic Garden Edinburgh is not a member of Scottish Environment LINK and so is not formally part of the programme.

I wish that there was time available for me to more fully illustrate the role that the botanics performs in this area but, frankly, we would be here all night—besides, I noticed the Presiding Officer warning me to wind up. Therefore, I will settle for reiterating my absolute respect and admiration for the work that it does.

The Deputy Presiding Officer: You milked that rather well, Mr Dey.

17:31

Andy Wightman (Lothian) (Green): I thank Mairi Gougeon for securing the debate, which covers two topics: the heads up for harriers project and the role of species champions. I agree with her and other members that the role of the champions is important in raising awareness and promoting the protection of various threatened species of wildlife, and I am delighted to be one of the 90 species champions who are lending support to the initiative—I am championing the mountain everlasting wildflower.

I also endorse the member's concern about her species, the hen harrier, and the need for action to protect the declining Scottish population. However, I cannot support her view that the heads up for harriers project has undertaken

“intense efforts to protect the hen harrier from extinction”,

nor her assertion that the project has made

“considerable efforts ... in trying to reverse the declining population”.

Rather, the project fails to address the fundamental threat to hen harriers, which is the illegal persecution of the species on some intensively managed driven grouse moors. That fact is recognised by decades of scientific publications, and it is acknowledged in the Scottish Government's most recent annual wildlife crime report, which was published just the other week.

Indeed, I believe that the project is being used as a greenwashing exercise to hide the criminal activities that are undertaken by some in the driven grouse shooting industry and to promote the misleading impression that it is voluntarily co-operating to clean up its act.

The main objective of the project is

“to better understand the threats facing Scotland's hen harriers, and ultimately promote recovery of the species, by working in partnership with land managers”.

That is to be achieved by placing cameras at hen harrier nests on private estates to identify the cause of nest failures. The approach is flawed,

because people who are intent on killing hen harriers will not target a nest if they know that a camera is present, so the project will not officially identify illegal persecution as a cause of nest failure, whereas natural causes, such as poor weather and fox predation, which Graeme Dey told us about, will be disproportionately recorded.

Graeme Dey talked about the need for an evidence-based approach and obviously the project will result in biased data; indeed, the grouse shooting industry has already pointed to it as official evidence that hen harrier breeding attempts are failing only because of natural causes, and has suggested that illegal hen harrier persecution is an “historical controversy”, as Tim Baynes of the Scottish Land & Estates moorland group wrote in June this year.

Claudia Beamish: Does Andy Wightman agree that a consultation on the licensing of driven grouse moors would go some way towards providing an appropriate analysis of the very serious problem of persecution?

Andy Wightman: It might do, but the problem with the crime that we are talking about is that it is committed out of sight and there is no corroboration, as Claudia Beamish pointed out earlier. Therefore, I think that such a consultation would be of limited value in targeting and resolving illegal persecution and getting better data on it.

In addition to the flawed approach is the issue of transparency—or, more important, the lack of it. As has been stated and as members have pointed out, in the three years that the project has been running, seven of the 11 successful nests have been situated on estates managed for driven grouse shooting. That claim is disputed by conservationists, who believe that the nest cameras have been deployed only on estates where intensive management of driven grouse shooting does not take place. However, when a freedom of information request was submitted, asking for the names of the estates to enable scrutiny of the claim, Scottish Natural Heritage refused to release the information. A publicly funded project is being used to portray an image of positive co-operation from driven grouse shooting estates in the name of hen harrier conservation, but the names of the participating estates are being kept secret from the public and even from one of the project’s partners.

I commend Mairi Gougeon for her work and for taking up the difficult hen harrier species. However, the heads up for harriers project is flawed and risks undermining the hard work that is needed to eliminate wildlife crime.

17:35

Liam McArthur (Orkney Islands) (LD): I, too, thank Mairi Gougeon for not only her motion and securing the debate but, as others have said, her work as a species champion for the hen harrier. The species champion initiative has been innovative and has captured people’s imagination. Although Graeme Dey rightly pointed to the fact that the real champions are those who do this work day and daily on behalf of the various species, the initiative has nevertheless raised the profile of an issue that very much needed to be bumped up the agenda. I certainly take my responsibilities as champion of the Scottish primrose seriously, and I will return to it later.

As other members have said, hen harriers are in need of being championed. David Stewart indicated that Scotland is a stronghold, with 80 per cent of the UK’s population, but the most recent hen harrier survey showed a worrying decline of around 9 per cent between 2010 and 2016, the second successive decline in such surveys. I am pleased to say that Orkney, along with the Western Isles, has bucked that trend—over the same period, the number of territorial pairs in Orkney rose from 74 to 83—but the overall picture is not at all good and I think provides the context both for the debate and for considering the heads up for harriers project. Indeed, Mairi Gougeon helpfully pointed out the on-going problems with illegal and deplorable raptor persecution, as well as the impact of habitat loss.

I do not in any way wish to denigrate the efforts of the estates participating in the project—they deserve to be commended for what they are doing—but we should bear it in mind that none of them represents a raptor persecution hotspot or, it has been suggested, operates as an intensively managed driven grouse moor. Until that issue is addressed, we would be well advised not to draw too much comfort or potentially misleading conclusions from what emerges from the project. As I have said, that is no criticism of those taking part; it is a cautionary note that needs to be sounded in the debate. As for the current project, it might be helpful if the minister or one of his colleagues could confirm whether the birds under observation are tagged, because there certainly seem to be a case and a logic for their being so.

In the limited time still available to me and with Mairi Gougeon’s indulgence, I will mention the *Primula scotica*, on whose behalf I have happily volunteered to take up the cudgels. Gail Ross, who—rather impudently, I thought—laid claim to Orkney’s KW postcode in a debate last week, will no doubt be quick to point out that the primrose is the county flower of Caithness. On this occasion, I am happy to share with her this most iconic and rarest of flowering plants, the entire global

population of which is to be found only in our respective constituencies. In Orkney, its location of choice tends to be the windswept Atlantic coast cliffs, dune stacks and headlands of Yesnaby, Hoy and South Walls, Rousay, Westray and Papay, although I gather that there are some outliers on Shapinsay, too, which bucks that trend.

Say what you like about the Scottish primrose: although it might be tiny, it is as tough as old boots. However, it does need a helping hand. It needs grassland to be grazed, so the traditional farming practices that have maintained these habitats in the past are vital to the flower's future. In turn, we need to support those farmers who are committed to carrying out that type of grazing management, because if we do not and if we fail to make progress with tackling climate change, then

"O flower of Scotland
When will we see your like again"

might be a question that we are asking ourselves sooner rather than later.

I again congratulate Mairi Gougeon on bringing this debate to the Parliament, and I wish her all the best in her endeavours on behalf of the hen harrier population.

17:39

Gillian Martin (Aberdeenshire East) (SNP): I thank my friend and colleague Mairi Gougeon for bringing this debate to Parliament, which allows us all to speak about our own species, and for all the work that she does to highlight the issues that the hen harrier faces.

When a person is made a species champion, they could go down the route of championing something cute or cuddly or, like Ms Gougeon, they could champion a species to campaign for. They could, like me, go for the high drama and choose something that is a sprawling behemoth, a life saver, a record breaker and a spiritual icon. I figured that, if a person is going to champion anything, it is best to go big or go home. I have gone big in choosing to be the champion of the yew, which is Scotland's oldest tree.

I can reveal that, when I was a teenager, I was a bit of a goth. That is hard to imagine now, but 16-year-old Gillian Taylor, as I was then, loved a bit of Bauhaus and the Sisters of Mercy. I liked to crimp my black dyed hair, I wore the odd crucifix for non-religious reasons, and I never wore anything that was not black. Therefore, when the Woodland Trust told me that the yew tree was the tree of death, I was sold. Members might say that the tree of death is a bit depressing, but it is far from depressing; the yew symbolises death and resurrection, mainly because it resurrects itself all the time. When its branches touch the ground, it

forms new trunks so, in effect, it is immortal. It regenerates itself: it is the Dr Who—the Time Lord—of trees.

Throughout history, the yew has also been among the most spiritual of trees. It was a sacred tree for the druids and represented longevity and regeneration. For us Celts, it also symbolises death and resurrection. For Christians, it is often associated with the resurrection of Jesus Christ, which is why it makes an appearance in many of our churchyards. Its proximity to graves in churchyards might be the reason for its either very unfortunate or very cool emo nickname, depending on our perspective.

The Fortingall yew, which is in Roseanna Cunningham's constituency, is thought to be Scotland's oldest tree. It stands in the churchyard there, and it has been there for between 3,000 and 9,000 years. One of the myths that surround it is that Pontius Pilate was born under its branches. One thing is for sure: that yew is one of the oldest living things in Europe.

People like to make a connection between their species and why it is appropriate for them. I could be negative about the age thing, but I have decided that I very much like the idea of being associated with longevity. Anyone who has been to see the Fortingall yew will know that the old girl looks pretty great for her age. I would like to try to associate myself with that sentiment, particularly because next year is the last year of my 40s. Therefore, I need all the positive vibes that I can get.

The yew is also a life saver. Its toxic needles are harvested and used to produce cancer-combating drugs. In fact, the incredible Pitmedden garden, which is in my constituency, has some of the most stunning yew hedges and trees in the whole of Europe, and it sends its yew hedge cuttings to pharmaceutical companies for that very purpose. When I visited it in the summer, the head gardener gave me my own little yew tree, which I now have in my garden. I like the idea of both of us growing very old together.

17:43

John Scott (Ayr) (Con): I declare an interest as a farmer and an owner of land that is part of a hen harrier special protected area.

I, too, congratulate Mairi Gougeon on securing this debate on her motion. I ask members to note that I am the species champion for the Grayling butterfly.

This debate, which is largely on the future of hen harriers, is a welcome one. As we all know, the hen harrier is, regrettably, a species that is very much under threat. That is why I support the

heads up for harriers campaign. It is, of course, a matter of regret that the number of sightings of hen harriers in Scotland in 2016 fell by 9 per cent since a study in 2010, but I note that 2016 was a particularly poor breeding year and that the vagaries of nature have a dramatic effect on the breeding patterns of all birds on our Scottish hills and mountainsides.

Andy Wightman: I am curious to know how John Scott knows that, given that we do not know the numbers that are illegally killed.

John Scott: If Mr Wightman checks the Official Report later, he will find that I said that weather has an effect on the breeding patterns on the hills and mountainsides. Checking my own notes, I see that it is a recorded fact that 2016 was regarded as being a poor breeding year.

Having lambed blackface sheep in what is now a protected hen harrier habitat, I know from bitter experience that lamb crops can vary hugely between good years and bad in the same habitat that hen harriers are trying to breed in; and I know all too well what an impact bad weather such as late snow, heavy rain, high winds and frost can have on the survivability of chicks and lambs alike on those moors. In addition, snow, frost, wind, rain and often a lack of sunshine also affects the food supply of hen harriers. In bad weather, voles, which are a natural food supply of harriers and the staple of fledgling chicks, also do not breed easily or well, so the survivability of hen harrier chicks becomes harder. For example, 21 April 1981 is forever etched in my memory because a freak snow storm hit south-west Scotland, where I farm, and I spent days looking for, and digging out, ewes and lambs buried in snowdrifts at that most unexpected time of year for snowfall. Working from dawn till dusk and beyond on that occasion, we lost only about 25 lambs because of that unseasonal blizzard, but neighbours I know lost over 100 lambs. I would confidently bet that 1981 was also a bad year for hen harrier chick survival.

In addition, fox control or the lack of it, particularly on land adjoining forestry, reduces all ground-nesting birds' abilities to rear chicks, affecting peewits, curlews and snipe as well as hen harriers. That is a growing problem, with forestry planting targets increasing—of course, I am in favour of that, but it is nonetheless a growing problem—and foxes coming out of forestry areas on to open moorland to hunt for food. Although it might be different now that Forestry Commission Scotland is coming under the control of the Scottish Government, certainly in the past the Forestry Commission did not control foxes or other vermin in its forests. Forestry land provides a terrific breeding habitat for foxes and crows, but their natural food supplies are much reduced by blanket sitka spruce afforestation and

those predators have to find food on adjoining moorland and farmland: namely, ground-nesting birds. Given that the Forestry Commission has historically not controlled foxes or carrion crows, will the new Forestry Commission Scotland under Scottish Government control now consider taking on that responsibility in order to play its part in reducing fox predation of hen harriers and other ground-nesting birds? Indeed, it is worth noting the correlation with the decline of other moorland ground-nesting birds where there is no suggestion of human persecution in comparing that with the rates of decline of hen harriers.

I welcome the fact that 21 estates have now signed up to the heads up for harriers project. Notwithstanding the alleged predation of hen harriers by land managers, I still believe that the safest place for hen harriers to raise chicks is on well-managed grouse moors where foxes are kept under control and a good supply of voles and grouse chicks exists. I hope that more estates will join the scheme and I hope that hen harrier numbers are restored in the future, notwithstanding the pressures that they face.

The Deputy Presiding Officer: I call Joe FitzPatrick to respond to the debate. You have around seven minutes, please, minister.

17:48

The Minister for Parliamentary Business (Joe FitzPatrick): I congratulate Mairi Gougeon on securing this opportunity for Parliament to help to raise the profile of the hen harrier and the challenges that that iconic bird faces, and for allowing our other species champions to raise awareness of their species. It is important to note, as we heard, that the matter is not about cuddly animals, but is a matter that crosses the animal and plant kingdoms. In that respect, we heard from Liam McArthur, Gillian Martin and Andy Wightman that they are champions for plants of different sizes. It has been an interesting debate and many valuable points have been made.

As I mentioned, the hen harrier faces serious challenges. There has been a worrying 27 per cent decrease in territorial pairs in Scotland over the past 12 years and, over the past six years, we have seen a further 9 per cent decline in the Scottish population, which is down from 505 territorial pairs in 2010 to 460 pairs in 2016. Those falls in population numbers are particularly important for the conservation status of the hen harrier because, as David Stewart said, Scotland has about 80 per cent of the total UK population.

We know that a number of factors can affect hen harrier numbers, including habitat loss and the cyclical nature of prey availability, which John Scott and Graeme Dey mentioned. However, hen

harrier populations remain in good health in Argyll, the Western Isles, the western seaboard and Orkney, and most of those areas are not optimal for the hen harrier in terms of habitat and prey availability. Is it because those areas have little or no driven grouse shooting? Conversely, in the central Highlands, the north-east glens and the southern uplands, where there are good prey availability and habitat, hen harriers are not thriving, and those areas are associated with driven grouse shooting. It is our view that there is no coincidence there, and that illegal persecution is on-going in those areas.

We know that recorded crime figures for hen harriers are low, but we also know that if there are no carcasses or other hard evidence of criminal activity, it is difficult for the police to record each missing bird or missing tag as a crime. However, the report on golden eagles that was published at the end of May made a powerful case that a significant volume of illegal killing is taking place that does not make it into the official recorded crime figures. There is no reason to suppose that the same analysis would not also apply to hen harriers. With the golden eagle report, there was a degree of reliance on the tags. I cannot confirm whether that opportunity is available in relation to hen harriers, but a point has been made on that and I am sure that the Cabinet Secretary for Environment, Climate Change and Land Reform will hear it.

The situation does not mean that unrecorded crime goes unnoticed or that we are not actively seeking to tackle it. However, to understand what is happening, we need good data. Donald Cameron told us about the work of the Scottish raptor study group in that respect.

We have a track record of introducing innovative measures to tackle raptor persecution, including the introduction of vicarious liability, the development of a poisons disposal scheme and the restriction on the use of general licences where it is suspected that wildlife crime has taken place. At the end of May this year, the Cabinet Secretary for Environment, Climate Change and Land Reform announced a further package of measures to tackle the problem, which included a strengthening of police resources to tackle wildlife crime in the Cairngorms national park and the establishment of an independent group with a remit to look at how grouse moor management can be made sustainable and compliant with the law. Licensing will be one of the options that the group will examine.

To be clear, we do not think that all grouse moor managers are persecuting hen harriers: some are working positively to find ways for grouse shooting to coexist alongside harriers, and we need to encourage and support those businesses—which

brings me to the heads up for harriers project. The project is working well with a growing number of estates, with the figure up from five in 2015 to 21 this year. It is led by a partnership of the RSPB, Scottish Land & Estates, the national wildlife crime unit and Scottish Natural Heritage. That partnership and co-operation are good for hen harriers. To answer Andy Wightman's point to an extent, no one is suggesting that that project alone is the answer, but it is bringing together those groups in partnership to change the culture. The project has to build on the progress that it is making in some parts of the country. I encourage more estates to work with it.

The heads up for harriers partnership deserves a lot of credit for its collaborative approach and for the excellent on-the-ground relationships that it has established. I stress that the project was never intended to catch criminals, but was set up to raise public awareness of the hen harrier, to gain information on nest failures and, most important, to build trust and partnerships with land managers to improve the outlook for hen harriers on estates that are managed for shooting. It is succeeding in meeting those objectives.

Of course, we want to push the project in areas where harriers are not thriving. We do that already; for example, heads up for harriers now works with estates in the Angus glens, where there is a history of lack of tolerance. Rather than saying that that work is not the answer, we should encourage it to continue.

I will speed on to say a few words about the species champion initiative before the Presiding Officer ticks me off. It is an innovative and fun way to raise awareness for species that need conservation attention. A number of colleagues have mentioned their particular species. Christine Grahame told us how she is single-handedly saving the house sparrow and making sure that it sustains and is well washed. She gave us a lecture on evolution and the links between dinosaurs and birds that, as a scientist, I found very interesting. Graeme Dey's tales of the woolly willows and his expeditions were very interesting. Gillian Martin gave us a vivid picture of the yew, and I loved her comment that the yew is the Time Lord of trees.

Graeme Dey: Will the minister take an intervention?

The Deputy Presiding Officer: Very briefly.

Graeme Dey: If the question is not too cheeky, is the minister a species champion? If he is not, would he be prepared to become one?

Joe FitzPatrick: That question was well below the belt. I am not—and I suppose that I will.

Members: Oh!

Joe FitzPatrick: Mission accomplished by Graeme Dey. He told me that a difficult question was coming up. I should have pre-armed myself by signing up before the debate.

Meeting closed at 17:57.

The Scottish Government is very supportive of the initiative. It is gratifying that the idea has been copied not just by Parliament but down south and in other countries. I take the opportunity to congratulate Scottish Environment LINK and Dr Eleanor Harris for coming up with and developing the idea and, of course, I thank Mairi Gougeon for bringing the idea to the chamber.

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

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