

FINANCE COMMITTEE

Tuesday 12 September 2000
(Morning)

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TRANSPORT (SCOTLAND) BILL	759

FINANCE COMMITTEE

21st Meeting 2000, Session 1

CONVENER

*Mike Watson (Glasgow Cathcart) (Lab)

DEPUTY CONVENER

*Elaine Thomson (Aberdeen North) (Lab)

COMMITTEE MEMBERS

*Mr David Davidson (North-East Scotland) (Con)

*Rhoda Grant (Highlands and Islands) (Lab)

Mr Adam Ingram (South of Scotland) (SNP)

George Lyon (Argyll and Bute) (LD)

*Mr Kenneth Macintosh (Eastwood) (Lab)

*Mr Keith Raffan (Mid Scotland and Fife) (LD)

*Dr Richard Simpson (Ochil) (Lab)

Mr John Swinney (North Tayside) (SNP)

*Andrew Wilson (Central Scotland) (SNP)

*attended

CLERK TEAM LEADER

Callum Thomson

SENIOR ASSISTANT CLERK

Anne Peat

ASSISTANT CLERK

Sean Wixted

LOCATION

Committee Room 4

Scottish Parliament

Finance Committee

Tuesday 12 September 2000

(Morning)

[THE CONVENER *opened the meeting at 11:50*]

Transport (Scotland) Bill

The Convener (Mike Watson): I welcome colleagues and call the meeting to order. I have had apologies from Adam Ingram and George Lyon.

As members will be aware, we had anticipated that the meeting would be an informal session with a briefing. However, we must consider the Transport (Scotland) Bill, which is the only formal item on the agenda this morning. Members have received a copy of the bill, its financial memorandum and the policy memorandum.

I understand that when the Transport and the Environment Committee—the lead committee on the bill—considered the matter, members did not raise any issues that might have been of concern to the Finance Committee.

The financial memorandum is on page 25 of the explanatory notes. It is less precise than some that have been attached to bills that we have had before us. It says that costs cannot be specified in advance because take-up will decide the exact costs. It does not suggest the establishment of any new bodies.

Do any members want to comment?

Mr David Davidson (North-East Scotland) (Con): The fact that people can volunteer to get involved, or not get involved, still means that the Scottish Executive must set up a mechanism. There will be a cost in setting up such a mechanism and the Executive will have to set one up regardless of whether it thinks that anyone will take up the scheme. There is an implied cost to the Scottish Executive's budget from the beginning. I thought that the Executive would have been able to give us an indication of some costs—it is not as if the Executive will invent a system after some council decides to participate. Do we have anything at all from the Executive?

The Convener: No.

As the Executive states at paragraph 132 of the explanatory notes:

"It is not possible in advance to be specific about the costs . . . of these proposals."

Mr Davidson: In response to that, has the Minister for Finance set aside an amount for the proposals? Has he reserved an amount in his budget or in any of his statements?

The Convener: I am not in a position to give an answer to that. I suspect that the clerk is not in a position to do so either. We can investigate that, if David Davidson thinks that that is necessary.

The bill will have its stage 1 debate on Thursday of this week.

Andrew Wilson (Central Scotland) (SNP): Time is constrained, but it is reasonable—as we have discussed at some length—that the financial memorandums often do not contain such information for a variety of reasons. That the information is not contained in the financial memorandum for the bill is not unreasonable, given that it is an enabling bill. The costs depend on take-up, but we would surely expect an assessment to be made on the bounds of the costs that would be incurred. Otherwise an unlimited liability on the Executive's budget could be opened up—it strikes me that that is not what a prudent finance minister would want to do. Surely we should be able to go into the debate knowing what that assessment is. Someone in the Executive must have assessed what the maximum costs would be, if take-up were as high as it could be.

Parties during elections would not get away with such open-ended work if they brought forward proposals of this nature. They must always cost proposals—surely we can ask the same of a governing Administration.

The Convener: We can. The difficulty is the time scale that we face. I am sure that the finances are not as open-ended as Andrew Wilson's remarks suggest. David Davidson made the point that the memorandum is not specific enough. We are constrained by the time scale. If we flag up that question, perhaps it could be answered by the minister during Thursday's debate.

Mr Davidson: I was going to suggest that the committee should request that a statement to answer those questions be made early in the debate.

The Convener: I am sure that we can do that.

Mr Keith Raffan (Mid Scotland and Fife) (LD): I support Andrew Wilson's comments. I find it extraordinary that paragraph 132 of the explanatory notes states:

"It is, however, not possible in advance to be specific about the costs and benefits of these proposals."

The memorandum is not even non-specific about those costs and benefits. The bill, if

enacted, will be a major piece of legislation and my main concern is the cost to local authorities. There is some detail but, basically, local authorities will be expected to absorb any additional costs. Clearly there would be benefits to them and they could levy charges if they went ahead with various projects, but they would have to make an initial outlay, which, it seems, they will be expected to absorb.

Mr Kenneth Macintosh (Eastwood) (Lab): Paragraph 135 states specifically:

“Provision for the cost of reimbursing local authorities . . . will be fully considered in the 2000 Spending Review.”

Mr Raffan: That is for

“any additional payments to transport operators”.

Mr Macintosh: That is right.

Mr Raffan: I am talking not about the administrative costs, but about the next section in the memorandum.

Andrew Wilson: What is the status of our discussion? What are we being asked to agree to?

The Convener: We are being asked to consider the provisions and to say whether they require a financial resolution.

Mr Davidson: We might also ask the Minister for Finance to tell us what allowance the Scottish Executive is considering making available to local authorities, which are pretty hard pressed at the moment.

The Convener: Our practice has been to ask civil servants to attend the committee to give advice on such questions. If we were to take a hard line today and refuse to declare either way, that would affect stage 1 of the bill, which is set for Thursday. I do not think that any member is suggesting that. However, we can make our views known and ask the Minister for Transport and the Environment to answer in her opening speech the points that we are raising. Is that acceptable? Perhaps the clerk will clarify the points that we want to raise with the minister.

Callum Thomson (Clerk Team Leader): The committee is seeking assurances that the Executive has made an assessment of the potential cost implications of the bill; that is the main issue. The committee also seeks reassurance that the Minister for Finance has taken account of such costs in his forward budgeting.

The Convener: It is not the first time that we have found that we are not happy about the level of information that is provided by a financial memorandum. We hope to slip that noose as a general part of our remit. None the less, we do not think that enough information is being given and

we could stress that point again.

Mr Davidson: I want to clarify the clerk's comments. There are two strands of costing: costs to the Executive in setting up the scheme and costs to local authorities. We need clarification of both strands, rather than a general statement. Whether the committee deals with such issues in future or they are passed to the subject committees, the Executive needs to be absolutely clear wherever it can. The Executive cannot expect to assume that the various committees will accept legislation if no numbers are presented up front—those committees have also to answer for their budgets.

The Convener: That is something that we should firm up before we pass on that aspect of our remit. Perhaps we can revisit the matter at a future meeting and firm up the form of words that will apply across departments in relation to financial memorandums. Is that agreed?

Members indicated agreement.

The Convener: On that basis and with the understanding that the points that have been made will be communicated to the Minister for Transport and the Environment with a request that they be dealt with during Thursday's debate, does the committee agree that the provisions of the bill require a financial resolution?

Members indicated agreement.

The Convener: Thank you. That was probably the shortest ever Finance Committee meeting. That concludes our formal business.

Meeting closed at 11:59.

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