

MEETING OF THE PARLIAMENT
COMMITTEE OF THE WHOLE PARLIAMENT
MEETING OF THE PARLIAMENT

Wednesday 15 March 2000
(*Afternoon*)

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Scottish Parliament

Wednesday 15 March 2000

(Afternoon)

[THE PRESIDING OFFICER *opened the meeting at 14:30*]

Time for Reflection

The Presiding Officer (Sir David Steel): We welcome to lead our time for reflection today Dr Alison Elliot, who is the convener of the Church and Nation committee of the Church of Scotland.

Dr Alison Elliot (Church of Scotland): Thank you.

The Bible is full of wonderful pictures—all the more so as it is written in words, and the same words can describe lots of different pictures.

Take Amos's call to

"Let justice roll down like waters, and righteousness like an ever-flowing stream".

We can see the river sparkling in the sunlight, bringing nourishment to the fields on either side. Justice is health giving: it quenches the thirst of the oppressed, seeps into the roots of our life and protects us from misfortunes that, luckily, we seldom dream of.

However, figures of speech are often most useful when they are pushed to their limit. For the people of Mozambique, the image of waters rolling down is associated with an oppressive and destructive power. Our systems of justice and our laws can be heavy handed unless they are tempered by the compassion that comes from understanding the needs of the weak in society.

Isaiah picks that up when he describes God's chosen one:

"I will put my Spirit on him and he will bring justice to the nations. He will not shout or cry out, or raise his voice in the streets. A bruised reed he will not break, and a dimly burning wick he will not snuff out. In faithfulness he will bring forth justice. He will not falter or be discouraged till he establishes justice on the earth."

The power that the Parliament has is the power to serve, to put strength into the hands of the weak, to affirm those who suffer discrimination and to point out to the majority their need of those who see life differently and who keep open the doors to change. It takes courage to use that power and to hold to a vision of a land where each person is cherished and where their gifts are used to the benefit of others. May members of the Parliament find that courage and the staying power that they

need to see that vision bear fruit.

Let us pray.

God of power and of compassion,
You challenge the powers that rule the world
Through the needy, the broken,
The stranger and those on the margins.

Grant that we may all play our part,
In shaping a world where
The hungry are fed
The wounded are healed
The stranger is welcome
And where justice and peace prevail.

We ask it in Jesus's name. Amen.

The Presiding Officer: This afternoon, it is more a case of where two or three are gathered together—[*Laughter.*] I understand that other excitements in the west of Scotland today and tomorrow will make attendance in the chamber rather thin.

Meeting closed at 14:34.

Committee of the Whole Parliament

[THE CONVENER *opened the meeting at 14:35*]

Census (Amendment) (Scotland) Bill: Stage 2

The Convener (Sir David Steel): We move to consider stage 2 of the bill in the Committee of the Whole Parliament, of which the occupant of this chair is now convener.

We have no amendments to the bill at this stage, but the Committee of the Whole Parliament is required to decide whether to agree to each section of the bill. The only way in which it is permitted to oppose agreement to a section is to lodge an amendment to leave out that section. No such amendments have been lodged so far and I do not anticipate receiving any now. The committee will also be required to agree to the long title of the bill.

I remind members that electronic voting will be used for divisions. I ask any members who have questions on the procedures to raise them as points of order before we begin.

Section 1—Particulars about religion may be gathered in census

The Convener: We now move to consideration of section 1, at the end of which I shall put the question on that section. I invite Angus MacKay to make a few explanatory remarks on section 1.

The Deputy Minister for Justice (Angus MacKay): As its title suggests, section 1 provides, in subsection (1), for religion to be added to the schedule to the Census Act 1920 as a matter in respect of which particulars may be required. That will allow a question or questions on religion to be asked in any future census in Scotland.

The schedule to the 1920 act lists those matters in respect of which particulars may be required. Those include: names, sex and age; occupation, profession, trade or employment; nationality, birthplace, race, language; place of abode and character of dwelling; and condition as to marriage, relation to head of family, issue born in marriage.

The inclusion in the census of questions on other topics which are:

“Any other matters with respect to which it is desirable to obtain statistical information with a view to ascertaining the social or civil condition of the population”

is also permitted under paragraph 6 of the schedule to the 1920 act. It is the view of the

Executive that religion is not covered by any of the paragraphs in the schedule to the 1920 act; hence the bill that is before us today.

Adding the word “religion” to paragraph 5 of the schedule to the 1920 act will mean that where a question or questions on religion are included in a census order made under section 1(2) of the 1920 act, those parts of the order in council will be subject to draft negative procedure.

Section 1(2) of the bill inserts a new subsection (1A) into section 8 of the 1920 act. Section 8 provides that if any person refuses or neglects to comply with or acts in contravention of any of the provisions of the act, any ordering council or regulations made under the act, they shall be liable on summary conviction to a fine not exceeding level 3 on the standard scale—currently a maximum of £1,000.

The newly inserted provision provides that no person shall be liable to a penalty under section 8(1) of the 1920 act for refusing or neglecting to state any particulars in respect of religion. The practical effect of this amendment is that the question or questions on religion in any census in Scotland will be voluntary. This provision is made because the Executive is alive to the fact that religion is clearly a sensitive issue and it would not wish people to be compelled to answer such a question.

This section does not make provision for any other topic to be included on a voluntary basis.

The Convener: Thank you. Does Irene McGugan wish to speak on this section? No. Those who do not wish to speak at the moment should remove their names from the screen; otherwise, I am confused. Everybody has now disappeared from the screen—that is good. *[Laughter.]*

I have received no amendment to leave out section 1 of the bill.

The question is, that section 1 be agreed to.

Section 1 agreed to.

Section 2—Short title

The Convener: Do you want to add anything else, Mr MacKay?

Angus MacKay: I shall be even more brief. Section 2 of the bill, which deals with the short title, is self-explanatory. It simply states:

“This act may be cited as the Census (Amendment) (Scotland) Act 2000.”

The Convener: The question is, that section 2 be agreed to.

Section 2 agreed to.

Long title agreed to.

Meeting closed at 14:39.

Scottish Parliament

[THE PRESIDING OFFICER *opened the meeting at 14:40*]

Census (Amendment) (Scotland) Bill: Stage 3

The Presiding Officer (Sir David Steel): We move to consideration of stage 3 of the bill in a meeting of the full Parliament. The item of business is motion S1M-655, in the name of Jim Wallace, which seeks the Parliament's agreement that the bill be passed. The question on the motion will be put at decision time.

14:40

Irene McGugan (North-East Scotland) (SNP): The minister will no doubt be pleased to hear that this party has not had a change of heart since last week, and that we remain supportive of the terms of the Census (Amendment) (Scotland) Bill. The fact that no amendments have been lodged is an indication of the consensus that exists in the Parliament on the inclusion of a question on religion in the census. We commend the Executive for producing this bill with the minimum of delay, and in that spirit we will not prolong proceedings unnecessarily.

The importance of census data should not be underestimated. The census provides detailed information on a range of topics, down to the level of local areas—information that is not directly comparable throughout the whole of Scotland. There is no substitute for that information when it comes to informing local and national policy making.

Because of the 10-year time scale, needs will change and some data will become more or less relevant. We have seen a reflection of that in the fact that there have been several adjustments that will feature in the census of 2001. Indeed, in earlier debates strong arguments were put forward for even more additions to the census.

The debate on the contents of the 2001 census marked an important development in the role of committees in this decision-making process. As a member of the Equal Opportunities Committee, I welcome the fact that the minister was open to persuasion in the matter of questions on religion and ethnicity.

The minister has indicated that any questions that have been omitted from the census, including a question on the Scots language and language that is spoken in the home, will feature in the expanded household survey. We look forward to

the implementation of that survey, and trust that individuals and organisations who have an interest or involvement in those matters will have an opportunity to comment on the proposed format and wording of those new questions.

In the meantime, consultation continues on the options for questions on religion and ethnicity. The minister will be aware that comments have been received from several agencies, although I suspect that it may not be possible to satisfy everyone's demands.

In the future, emerging policy areas such as sustainable development and community planning might also require information to be collected from the census. The Scottish Parliament itself may generate additional, as yet unforeseen, demands for new data, of which the census might be the most convenient, efficient and reliable source. I trust that the minister will be sympathetic to those new information requirements.

I reiterate that it is more important to get the census right, and for it to reflect the needs of its users, than to get caught up in cost implications or other issues. In the meantime, I support the bill that is before us.

The Presiding Officer: I apologise to the minister. I should have asked you to move the motion for debate at stage 3 first. I ask you to do so now, and you can reply to the comments that are made by others at the end.

Motion moved,

That the Parliament agrees that the Census (Amendment) (Scotland) Bill be passed.—[*Angus MacKay.*]

14:43

Mr Brian Monteith (Mid Scotland and Fife) (Con): I thank the minister for introducing this stage of the bill in Parliament. I reiterate the support for it from this side of the chamber. Particularly, we welcome the fact that people can refuse to answer the question on religious faith without facing the penalty that is incurred by those who refuse to answer other questions. I formally offer our support for the motion.

14:44

Euan Robson (Roxburgh and Berwickshire) (LD): I formally record the support of the Liberal Democrats for this bill.

14:44

Michael Russell (South of Scotland) (SNP): You are certainly getting through the speeches today, Presiding Officer. I have prepared a four-hour speech on the history of the census, from the earliest times. [*Laughter.*] However, as I know that

Angus MacKay is already familiar with such matters, I shall be as brief as possible. I am immensely relieved to see so many Labour members present, although there are few SNP members. The bracing seaside air of Ayr will be doing them a great deal of good this afternoon.

As I must be the only member to speak in this debate who has not yet spoken on the census as it has worked its way through the Parliament, I thought that I should have my turn. In reading the stage 1 debate, I was struck by a remark that Tricia Marwick quoted from John Rickman:

"intimate knowledge of any country must form the rational basis of legislation."—[*Official Report*, 16 February 2000; Vol 4, c 1093.]

As the requirements of government have extended, so has the amount of information that is required. I want to put in a personal plea. When this matter returns to the chamber in 10 years' time, I would like us to consider widening our information base. The Deputy Minister for Communities will undoubtedly be in charge of the Labour party by that time, so she will be able to take the matter forward. By making that prediction, I have just finished her career.

In Scotland there is a very honourable tradition of seeing further than basic figures. Those who created the statistical accounts of Scotland—particularly the parish ministers who were charged with that responsibility at the end of the 18th century—realised that more was required than simply to count the heads of the people in each parish if they were to get a portrait of the country and its needs. We need a proactive way of seeing our nation and what it can do as well as a reactive way. The census is a reactive way of getting information, just by counting heads.

We are glad that the census has been extended to take in a question on religion. It is regrettable that a question on the Scots language is not included. If there had been wider consultation in this Parliament—and I understand that the matter was pressing because the census has to take place every 10 years—it would have been possible to consider including other information and fleshing out the portrait of the country that we see and know. That can be done by statistical account and by the publication of economic information. I regret that the Executive is reducing the publication of economic information at this time, rather than expanding it.

Many of us would like there to be a period of discussion and consultation on the information that we have about the economic, social and personal life of the people who live in Scotland, so that we can plan for the future. Planning on the basis of the census figures alone, which was originally a measure of taxation, will not be enough. As the Executive moves forward, it may want to consider

the broader question of the information that we gather in Scotland, so that we can inform the public polity of Scotland even better. I am absolutely certain that an SNP Administration will pick that up after 2003. Mr Lewis Macdonald is laughing. He should be shaking in his boots.

I support the motion.

The Presiding Officer: Mr MacKay, would you like to comment on those observations?

14:47

The Deputy Minister for Justice (Angus MacKay): I am sure that you and the chamber will be very relieved to know that I do not propose to make a speech anything like the length of Mike Russell's. I do not propose to prolong the debate, because I think that we have covered fully the issues that needed to be discussed.

I want simply to reiterate that the Executive has listened carefully to the views that have been voiced throughout in favour of the inclusion of a question on religion in the census. The bill is necessary to allow a voluntary question on religion to be asked in future censuses. The question will provide important benchmark information in connection with social inclusion policies that are designed to prevent discrimination against particular religious groups. A question or questions on religion will also provide information that will help to improve and shape services to minority religious groups.

Once the bill has been approved and has received royal assent, we will lay a draft census amendment order to provide for the inclusion in the 2001 census of questions on religion. I can assure Mr Russell that the Labour Administration in 2010 will take on board the points that he has made today.

The Presiding Officer: That brings the debate to a close.

Mr Tom McCabe (Hamilton South) (Lab): I seek the Parliament's permission to move a motion without notice regarding decision time.

The Presiding Officer: Do we agree to take a motion without notice?

Members indicated agreement.

Motion moved,

That decision time be five minutes hence.—[Mr McCabe.]

The Presiding Officer: The proposal is that decision time should be at four minutes past 3 o'clock. [MEMBERS: "No."] I beg your pardon—I cannot count. The proposal is that decision time should be at five minutes to 3 o'clock. Is that agreed?

Motion agreed to.

The Presiding Officer: The debate on motion S1M-614, in the name of Dr Elaine Murray, on cashpoint services, will immediately follow decision time.

14:49

Meeting adjourned.

14:55

On resuming—

Decision Time

The Presiding Officer (Sir David Steel): There is only one question to be put as a result of today's business. The question is, that motion S1M-655, in the name of Mr Jim Wallace, which seeks the Parliament's agreement that the Census (Amendment) (Scotland) Bill be passed, be agreed to.

Motion agreed to.

That the Parliament agrees that the Census (Amendment) (Scotland) Bill be passed.

Cashpoint Services

The Presiding Officer (Sir David Steel): The final item of business today is a members' business debate on motion S1M-614, in the name of Dr Elaine Murray, on cashpoint services. The debate will be concluded, without any question being put, after 30 minutes.

Motion debated,

That the Parliament congratulates the Bank of Scotland and the Royal Bank of Scotland for their stance in refusing to charge customers of other banks who use their cashpoint services and urges them to continue with this policy in the interests of low income and rural communities.

14:55

Dr Elaine Murray (Dumfries) (Lab): Colleagues, I am old enough to remember the first automatic teller machines—

David Mundell (South of Scotland) (Con): Never.

Dr Murray: Thank you, David.

I first used an automated teller machine—or hole-in-the-wall cash dispenser—some time in the mid to late 1970s. It exchanged a little £10 voucher for a crisp, spanking new, freshly minted note.

Since then, technology has moved on a great deal, with the advent of debit cards, telephone banking and now internet banking. Sadly, there have been consequent employment losses for staff in the banking sector, which we continue to hear about to this day.

Despite the advances, cash continues to be important, not just to the older generation, which picks up its pension in cash, or to young people, who get their pocket money in cash, but to the majority of the public. In November 1998, the United Kingdom Government commissioned a review of banking services under the chairmanship of Don Cruickshank. Charging and access to the ATM networks fell within the remit of the review.

The review's interim report was leaked to the BBC's "Watchdog" programme of 24 February. As a result, a copy of the interim report was made publicly available on the internet. I have some of that report here—it took some time to download, but I managed to beat the technology and get a copy eventually.

Apart from anything else, the report gives insight into the daily life of the average automated teller machine which, in 1998, processed 206 cash transactions, 72 balance inquiries and 18 mini-statements each day. One of the striking statistics in the report is that 66 per cent by volume of

personal transactions in 1998 still used cash, as opposed to only 4 per cent of business transactions in 1997. Personal transactions tend, of course, to be low value.

With work patterns making it less easy to visit the bank, and with the reduction over the years in the number of small branches, ATMs are increasingly used as the primary source of cash withdrawal. In 1998, 77 per cent of the adult population owned an ATM card. Cash machine withdrawals account for something like 55 per cent of cash acquisitions, so the imposition of charges has the potential to affect a huge number of members of the public.

All the UK's ATM and debit card issuers are now members of the LINK network, which was set up in 1986, originally to bring together the smaller banks and building societies. LINK now has a virtual monopoly on ATM services and is in a position to squeeze out rivals, should new players try to develop similar networks.

LINK's proposed charging policy would have a disproportionate effect in rural and deprived areas. The ATM network's proposed changes to cash machine charges would have an adverse effect on many of my constituents in rural areas, because many smaller towns and villages have only one cash machine. The number of remote ATMs increased by 200 per cent in the five years from 1993 to 1998 and now totals almost 6,000 throughout the UK. The number of ATMs in customer areas where banking services are available during normal working hours fell during that period. Customers in remote areas have little choice other than to use their local cash machine and could be charged £1 every time that they do so.

Charging would also disadvantage low-income customers. ATMs are generally used by the better-off; 70 per cent of people in socio-economic group E never use ATMs, whereas 50 per cent of people in group AB use them regularly. That means, however, that at least 30 per cent of people in group E possess a debit card.

Less well-off areas are less likely to attract a choice of cash machine services. The Scottish Parliament information centre report on cashpoint services, which was produced yesterday and which I found today, lists the number of cash machines in each social inclusion partnership area. There are, for example, two cash machines in north Ayr—this is possibly the last opportunity to make a play for Ayr before the by-election. There is only one cash machine in the SIP area in the Borders and one in the greater Easterhouse area.

The proposed £1 charge per transaction is independent of the amount that is withdrawn—the charge would be £1 whether the sum was £20 or

£200. People who were withdrawing smaller sums of money would be especially disadvantaged.

Organisations are already recompensed through LINK for transactions that involve customers from other banks. The average cost of each transaction is between 12p and 31p, not the proposed £1 that is to be passed on to the customer. ATM transactions cost the banks about one third of the cost of branch transactions. Some organisations already charge their customers for so-called disloyalty. However, as long as there are banks that offer their customers free access to other machines, users can choose to transfer their accounts in order to receive free services. Disloyalty charges are characteristically in the region of £1 to £1.50.

Double charging—first by the ATM provider, then by the account provider, which could penalise the customer by up to £2.50 per transaction—is likely to be debated at the next LINK board meeting on 28 March. The Government and Stephen Byers have expressed the view that the public take the issue of double charging very seriously.

No information about the charges that may be levied on the user is available when a cash withdrawal is being made. The review of banking services is likely to recommend that all charges incurred by customers—both issuer and acquirer charges—should be displayed on the cash machine screen before cash is withdrawn. Another likely recommendation is that charges, if levied, should be at only one end of the transaction and should be imposed by the owner of the ATM, rather than by the supplier of the account. That would prevent double charging.

On several occasions, we have debated post offices, in particular rural post offices. We all thought that one possible area of progress would be the Horizon project, which will link computer services in post offices by the end of 2001. Negotiations with high-street banks are under way to allow post offices to offer banking services. We all recognise that that is an opportunity for small rural communities to regain the banking services that they lost many years ago. However, I would be concerned if the proposed charges had an impact on the Horizon programme, which is an important development in rural communities. I also wonder about the impact of the increasing use of cashback services in supermarkets. We might find ourselves being charged for cash withdrawal in different ways.

Financial institutions such as the Co-operative Bank, the Bank of Scotland, the Royal Bank of Scotland, the Clydesdale Bank, Lloyds TSB and the Nationwide Building Society—I apologise to anyone left off that list—are to be congratulated on coming out against the greedy proposals. Some

have time-limited their pledge to 1 January, but in the interests of low-income and rural communities in particular, I urge them to continue to take that principled stance.

15:03

George Lyon (Argyll and Bute) (LD): I support Elaine Murray's motion. The proposals to introduce charges on withdrawals from cash machines must be resisted. Over the past five years, 275 branches of the four Scottish banks have closed. The banks were quick to realise that computers and machines were cheap alternatives to providing a member of staff behind a counter in an expensive building. Banks have saved millions of pounds by reducing staff numbers and moving towards cash machines and internet banking.

Where have all the savings gone that were brought about by the switch to machines? They have not gone to the customer, or towards reducing bank charges. I am sure that my experience is the same as everyone else's. Charges have been introduced for everything one can think of. When a person sets up their overdraft limit, the bank charges them for coming out and discussing how much money it is likely to give them. The overdraft interest rate may have been reduced, but other charges have been introduced by the back door to compensate.

We have heard much about the problems that face rural areas, where the cash machine—as Elaine Murray pointed out correctly—is a lifeline for many customers because of the effects of the closure of many branches in rural Scotland.

It is intolerable that any of the banks that deserted the rural communities should now seek to profiteer from them by charging people for the basic right to take their own money out of their own bank account. That is what those banks are asking people to pay for. As Elaine said, in rural areas people do not have the option of walking round the corner to a selection of banks to find one that promises not to charge.

The headlines about what is being proposed have all proclaimed a victory for consumers, but the banks have made a commitment only to charge us once for every transaction, not twice. I do not consider that to be a victory for the consumer; the consumer should not be charged at all.

I wrote to the Bank of Scotland and the Royal Bank of Scotland to find out their position. The letter that I received from the Bank of Scotland said that it had no plans now, or in the future, to charge its own or any other bank's customers for using its cash machines. That firm statement of intent should be welcomed.

The Royal Bank of Scotland told me that it has no current plans to introduce surcharging, but that

"this is something we will have to review in light of market movements and the outcome of the banking review."

That is not a hard statement, and it causes me some concern. I hope that the Royal Bank and others will join the Bank of Scotland in giving an iron-clad guarantee about all future cash machine charging. They must follow the Bank of Scotland, and I hope that customers will still be able to access their own money free of charge in future.

15:07

David Mundell (South of Scotland) (Con): I thank Elaine Murray for instigating this debate.

I certainly know the value of cash, having once been required to write a cheque for 20p to cross the Forth road bridge. People often find themselves in need of cash, despite all the talk that we live in a cashless society. That statement is simply not true. Cash is absolutely necessary every day. It is not possible, for example, to go into a local cafe and use a credit card to buy a cup of tea. Increasingly, smaller shops will want to levy a charge to recover their processing costs for cheques for relatively small sums, which is understandable given the banks' regime of charges. We all still need cash.

This is an important debate, which needs to be widened. It is about access to cash and about how we are all going to trade in the future. We have discussed internet trading many times recently in the Parliament. Many people are trading on the internet by using their credit cards. That is creating a degree of cashlessness, but we need to understand where we are going in that context. George Lyon will be interested to hear that I recently read about somebody who believes that the biggest threat to the success of the euro is not the Conservative party, but cashless trading—the euro may be rendered superfluous simply because of the volume of cashless trading that is taking place across the world in dollars.

Speaking as one of Elaine Murray's constituents, I appreciate the need for cash machines. In Moffat, where I live, there is one Bank of Scotland autoteller. If that autoteller was not functioning or if it carried a charge, I would have to go either nearly 20 miles to the nearest alternative cashpoint in Lockerbie or 20 miles north to Abington. That is not so important for me or for my personal convenience—we feel very pleased to have one bank in a community such as Moffat—but it is more important for the thousands of tourists who want to use that autoteller in Moffat, where there are no National Westminster, Barclays or even Royal Bank or Clydesdale cash machines to use.

As Elaine Murray and George Lyon have pointed out, the standard fee—just like standing charges for the supply of gas and electricity—is disproportionate for people who withdraw small sums of money. Most charges that the banks apply are on the transaction rather than on the value of the transaction. It can cost £1 to withdraw £10 or to withdraw £300. Fortunately, it does not yet cost £1 for the message that I usually get, “Please refer to branch”, which is not what one wants to see on a wet Monday night.

As I said, charges are disproportionate, particularly for those withdrawing small amounts, who tend to be our less well-off citizens. That is why Elaine Murray raised the concern about post offices. If people were required under proposals for automated credit transfer to have their benefits and pensions paid into banks and building societies and were then required to pay to withdraw those benefits and pensions, there would be a double whammy that nobody in this Parliament would welcome.

It is important that members and the minister encourage the UK Cabinet Office to press forward with proposals to allow local post offices to act as a non-charging front end for all the banks and to bring access to cash to all our communities across Scotland. It is not possible to have an autoteller in every remote location, but it is possible to have a small rural post office. By allowing post offices to link up with the banks, we could provide a charge-free cash service in every community.

15:12

Rhoda Grant (Highlands and Islands) (Lab): I have no hesitation in supporting Elaine Murray's motion and I congratulate her on raising the issue. Many members will have been concerned over several months about the threat to impose charges for the withdrawal of money from cash machines. I am particularly concerned by the threat that those charges pose to rural areas.

One of my first reactions to the news that banks were seeking to charge customers was to ask why they wanted to introduce yet more charges, given that profits in the banking sector have been plentiful for many years. Many people, in both urban and rural areas, cannot understand why charges are needed. Banks do not come high in the popularity stakes, although I do not know whether they rate as low as politicians—that would be something. The decision to charge for cash withdrawal will do nothing to improve the reputation of the financial sector.

The reputation of banks should be a factor for them, but their main concern should be the interests of the customers whom they serve. There is no doubt that the charges that banks and

building societies impose on a number of services create the feeling that they are just out for themselves.

Many people in the Highlands and Islands live outwith major towns and cities and have to travel long distances to use bank machines. Sometimes they are unable to do that. It is important that people in rural areas who have to travel many miles to use the machines should not suffer financially. The imposition of disloyalty charging would cut down choice and would force people in rural areas to bank with the local branch to avoid such charges, or to travel further to go to their own banks. Some banks and building societies ask people to bank with them when they arrange mortgages, so charging will also cut down choice in that respect.

I am pleased at the response of the Scottish banks on this issue. After the news broke that charging was a possibility, I wrote to the chairmen and chief executives of the four major banks in Scotland. I was reassured that they would take into account the effect that charging would have on rural areas. That is the right decision and it will prove popular with current and future customers.

I am also pleased at the response of the Westminster Government. The fact that banks and building societies will not be able to double charge and will have to choose whether to impose a disloyalty fee or a surcharge represents progress.

I do not believe that banks and building societies have given an acceptable response to the question why they need to impose the charges. After this debate, I hope that they will do so.

15:15

The Deputy Minister for Enterprise and Lifelong Learning (Nicol Stephen): It is a great pleasure to respond in this unique debate—certainly, it is unique in terms of its timing. I congratulate Elaine Murray on raising this important issue.

The proposal that some banks will charge for cash withdrawals has generated a lot of anger among those of us who use cash machine services. In assessing the implications of the proposal, we should pay particular attention to the disproportionate impact that the development could have on the socially excluded and in rural areas.

I do not welcome the imposition of the charges, but I congratulate any bank or building society—including the Bank of Scotland and the Royal Bank of Scotland—that refuses to charge either its own customers or customers of other banks for using its cashpoint services. I agree with George Lyon that it would be good if we had longer-term

guarantees on the matter.

I am pleased that Scottish banks are at the forefront of ensuring that customers will not have additional charges imposed on them, especially at a time when the banking sector is earning healthy profits from its customers.

The banks and building societies appear to have considerably underestimated the anger amongst their customers as a result of the decision taken by LINK, the UK's cash machine network, that its members may now charge a customer for withdrawing cash.

I noted that LINK, in its original announcement, was silent on the possibility that customers may be charged a surcharge and a disloyalty fee for the same transaction. I am appalled at the fact that that could lead to the imposition of a double charge for the same transaction and that the charge could be as much as £2.50 for a withdrawal of £10.

Since LINK made the announcement on 29 February, the Scottish Executive has been monitoring matters with concern. As consumer and competition issues are involved, the Executive has been in contact with the Department of Trade and Industry to register our disquiet about this unwelcome development.

I endorse the speedy action taken by the Secretary of State for Trade and Industry, Stephen Byers, who summoned representatives of the banks and building societies to a meeting. As a result of those discussions, LINK intends to table a motion at a meeting of its members later this month to ensure that customers are not double charged for taking money out of a cash machine. I am sure that the customers of the members of the LINK network—which, as Elaine Murray pointed out, has a virtual monopoly—will be seeking absolute assurances that there will be no question of double charging.

I can confirm that LINK network members are fully aware of the powers that are available to control them if necessary. If charges are to be introduced, consumers must know what the charge is before they proceed with a transaction. If the banks do not do that voluntarily, powers are available under the Prices Act 1976 to compel them to. Concerns about competition and pricing in banking services prompted the Chancellor of the Exchequer to ask Don Cruickshank to undertake an independent review. He made it clear that charges—if any—should be between 15p and 30p, if not less.

John Bridgeman, the director general of the Office of Fair Trading, has stated that he is opposed to the charges and will be monitoring their level. He has powers under the Competition Act 1998 to investigate abuses of market power.

He also has powers under the Fair Trading Act 1973 to ask the Competition Commission to investigate complex monopoly situations and practices that might be against the economic interest of consumers. Those are substantial powers and they may require to be used.

I agree that, in considering this issue, we need to pay particular attention to the interests of low-income and rural communities. The people in those communities have every right to expect that the banks will behave responsibly, not only in the provision of cashpoint services. I am pleased to say that the Scottish Executive is working hard to address financial exclusion and is getting good support from the banks in Scotland. I will not go into all the details of what is happening, but the Minister for Communities has been in contact with the Scottish financial institutions, including the Committee of Scottish Clearing Bankers and Scottish Financial Enterprise, to address financial inclusion. Too many Scots in rural and disadvantaged communities do not have the access to financial services that the rest of us take for granted and they are worse off as a result.

In addition to the steps that I have mentioned, we want to encourage banks to develop partnerships with other agencies, such as post offices, which were mentioned in the debate, and credit unions—[*Interruption.*] I see that Elaine Murray, who first raised this important issue, has now switched off her mobile phone. We should encourage banks to develop such partnerships to improve overall access to services in disadvantaged and rural areas.

Other initiatives with which the Executive is involved include the provision of basic bank accounts for everyone in Scotland—the Committee of Scottish Clearing Bankers announced on 22 September that it was taking the lead in offering basic online, low-cost current bank accounts—and physical access to banking services, on which social inclusion partnerships have taken a lead. We are trying to increase access to services through supermarkets, petrol stations, post offices—central to new initiatives in this area—housing associations and credit unions. The provision of a national money advice and debt counselling hotline is under way. Greater support is being given to credit unions and to the provision of low-cost insurance products. We have announced plans to develop a Scottish community investment fund, which will bring in up to £10 million from the banks and from a range of private and public sector sources. It will be the first national loan fund of this type offering help to community-based initiatives.

We are encouraging increased internet access for disadvantaged communities through cybercafes and the public library network. That will

bring many benefits and will increase delivery options for financial service providers.

I welcome and congratulate those banks and building societies, such as the Royal Bank of Scotland and the Bank of Scotland, that have taken a stance on this issue and have indicated or confirmed that they do not intend to introduce charges for cash machine services. If some of those reassurances were a little more robust and long term, I am sure that many members would be even more pleased. I thank the Scottish banks for their continued co-operation in helping the Executive to address many of the aspects of financial exclusion to which I have referred.

I call on the other banks and buildings societies that form the LINK membership to reconsider their position and to make it crystal clear to their customers in Scotland exactly what they propose to charge for, with a full explanation of why any such charges are necessary. My hope is that any banks and building societies that are considering imposing such charges will now fully reconsider their position and, having reflected on the anger generated, follow the lead of the banks and building societies that have made it clear that they do not intend to impose further charges.

Meeting closed at 15:24.

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