

MEETING OF THE PARLIAMENT

Wednesday 10 January 2007

Session 2

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DEPUTY FIRST MINISTER—Nicol Stephen MSP

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MINISTER FOR JUSTICE—Cathy Jamieson MSP
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MINISTER FOR EDUCATION AND YOUNG PEOPLE—Hugh Henry MSP
DEPUTY MINISTER FOR EDUCATION AND YOUNG PEOPLE—Robert Brown MSP

Enterprise and Lifelong Learning

MINISTER FOR ENTERPRISE AND LIFELONG LEARNING—Nicol Stephen MSP
DEPUTY MINISTER FOR ENTERPRISE AND LIFELONG LEARNING—Allan Wilson MSP

Environment and Rural Development

MINISTER FOR ENVIRONMENT AND RURAL DEVELOPMENT—Ross Finnie MSP
DEPUTY MINISTER FOR ENVIRONMENT AND RURAL DEVELOPMENT—Rhona Brankin MSP

Finance and Public Service Reform

MINISTER FOR FINANCE AND PUBLIC SERVICE REFORM—Mr Tom McCabe MSP
DEPUTY MINISTER FOR FINANCE AND PUBLIC SERVICE REFORM—George Lyon MSP

Health and Community Care

MINISTER FOR HEALTH AND COMMUNITY CARE—Mr Andy Kerr MSP
DEPUTY MINISTER FOR HEALTH AND COMMUNITY CARE—Lewis Macdonald MSP

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MINISTER FOR PARLIAMENTARY BUSINESS—Ms Margaret Curran MSP
DEPUTY MINISTER FOR PARLIAMENTARY BUSINESS—George Lyon MSP

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DEPUTY MINISTER FOR COMMUNITIES—Des McNulty MSP

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MINISTER FOR TOURISM, CULTURE AND SPORT—Patricia Ferguson MSP

Transport

MINISTER FOR TRANSPORT—Tavish Scott MSP

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10 January 2007

Scottish Parliament

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

Time for Reflection

The Presiding Officer (Mr George Reid): Good afternoon. The first item of business, as is usual on Wednesdays, is time for reflection. Our time for reflection leader is Sister Andrea Fraile, from the Sisters of the Gospel of Life, in Glasgow.

Sister Andrea Fraile (Sisters of the Gospel of Life): On Monday we celebrated the baptism of the Lord. With that, Christmastide is now officially over: the trees are dismantled and the decorations unceremoniously pulled down. It is business as usual and yet, as with every great event that passes, various images and impressions from that time remain with us for a little longer. As happens when a pebble is cast into a loch, the ripples silently move the water.

Among the last figures to emerge at Christmas are the three wise men—the kings about whom we know very little, but who travelled from a far place to take their turn to kneel in adoration before the tiny feet of Christ. What can we say about them? They were the leading intellects of their day. Their science and learning were driven by a profound desire to find the truth and meaning that lie at the foundation of everything. Their searching led them to God made man, not in the splendour and dignity of a palatial throne, but in a poor and wretched manger.

You would have thought that sophisticated men of such rank, upbringing and civilised background, who had such a refined sense of what is fitting, would have balked at what they found. We do not know what they expected, but they could not have expected that, yet Matthew's gospel tells us:

"the sight of the star filled them with delight, and going into the house they saw the child with his mother Mary, and falling to their knees they did him homage."

Those men were great because they were open to having their expectations turned on their heads and they were open to the fact that their thoughts would have to play second fiddle to the thoughts of God. Those men were kings, rulers and lawmakers who humbly acknowledged that they would not have any power were it not for that child in the manger. We cannot help but admire their courage. They ventured into a strange land, into the domain of a hostile ruler, unafraid of where the

truth would lead them and unafraid of looking mad and misguided among their contemporaries.

The start of every year sees us making resolutions and plans for the weeks and months ahead—that is only right, but let us never forget that we are living in God's world. He may well lead us down roads that we neither want nor expect. At such times, let us remember those kings of old and be open and generous in the face of God's will. True greatness and integrity will always mean humbling ourselves before one who is greater, and if that makes us look mad and misguided among our contemporaries, then let us have the courage to do it anyway.

Investment in Public Services

The Presiding Officer (Mr George Reid): The next item of business is a debate on motion S2M-5378, in the name of Tom McCabe, on public service investment.

14:34

The Minister for Finance and Public Service Reform (Mr Tom McCabe): Presiding Officer, I wish you and all my colleagues in the chamber a very happy new year.

Scotland's public services underpin our society—they are and should be a demonstration of our values. They provide the means by which so many people can achieve their full potential and, when we stumble or become frail, they provide the cushion that gives reassurance and the prospect of recovery.

Those vital public services have rightly received substantial and unprecedented investment in recent years. The macroeconomic stability of our United Kingdom has allowed our devolved Government substantially to increase the volume and to guarantee the sustainability of public services, as never before in our history.

The situation in our local councils, which are just one part of our public services, illustrates what has been and is being achieved. There will have been a 57.9 per cent increase in their funding by 2007-08. The money has bought a 61 per cent increase in the number of homecare hours since 2002, with a staggering 604,000 hours of care being delivered in 2006. It has allowed nearly 9,500 self-funding residents in our care homes to receive free personal care, with more than 6,000 of them also receiving nursing care. As 2006 came to a close, more than 40,000 people were receiving free personal care services at home, which is a massive 68 per cent increase on the 2002 figure.

We believe that the priorities of the devolved Government are the priorities of Scotland's people and we know that being an integral part of the United Kingdom has allowed us to deliver on those priorities. The United Kingdom recognises, and is prepared to fund, an £11 billion fiscal deficit so that Scotland can continue the economic progress that we have begun to display.

Mr John Swinney (North Tayside) (SNP): Will the minister give way?

Mr McCabe: No. Mr Swinney should hear about the progress that has been made. Perhaps then he will feel shame about the policies that his party proposes.

More than 180,000 Scots have entered the labour market since 1999 and now enjoy the

economic freedom that exclusion had denied them for so long. The employment rate is above the United Kingdom average and is among the highest in the new Europe of 27 nations. Economic growth has been above its long-term average for eight successive quarters and is forecast to remain above its long-term average, not just in 2007, but in 2008. That progress and that prosperity are put in jeopardy when people ignore or try to deny that Scotland has, year on year, a substantial fiscal deficit.

Mr Swinney: If so much economic progress has been made under the present Administration, why—according to the dodgy dossier entitled "Government Expenditure and Revenue in Scotland 2004-2005"—has Scotland's share of UK income-tax revenues declined since the Government came to power in 1997?

Mr McCabe: I am not sure whether Mr Swinney is trying to deny the fact that more than 180,000 Scots are now in employment, are paying national insurance and tax and have their economic independence. Given that in documents that Mr Swinney's party produced in July and December 2006 it changed the methodology to suit its figures, he is in no position to talk about "dodgy dossiers".

Alasdair Morgan (South of Scotland) (SNP): Will the minister give way?

Mr McCabe: I have just done so.

The adherence to the ideology of independence and the readiness to break forever the fruitful union will put our progress and our people in the greatest danger. Make no mistake: living without the £11 billion fiscal transfer would take us back to the Scottish expenditure levels that were in force in 2000-01.

Mr Swinney: For the second time in the debate, Mr McCabe has referred to a fiscal deficit of £11 billion. However, on page 26 of the GERS document, his civil servants state:

"The Net Borrowing figure is an estimate ... It should therefore be used with some caution."

Where is the minister's caution when he comes out with such baloney?

Mr McCabe: As Mr Swinney is well aware, that document is compiled to international statistical standards and contains the best information that is available to any statistician anywhere in the United Kingdom.

Let us take a moment to draw comparisons between the situation of the country in 2000-01 and the situation in which we are now. In 2001, there were more than 42,500 nurses and by 2006 there were 4,000 more. In 2001, there were more than 50,500 teachers and by 2006 there were

3,000 more. In 2001, our streets were populated by more than 15,100 police officers and by 2006 there were 1,100 more. In 2001, more than 8,500 orthopaedic procedures were carried out in the national health service and by 2006, for knee and hip procedures alone, there were nearly 3,600 more.

The 2001 figures are what we would go back to, even before taking account of the £1.1 billion local authority deficit that would result from a 3 per cent cap on local income tax, and before taking account of a two-year freeze on council tax, which is one more knee-jerk reaction from the Scottish National Party. All that would give us a country in regression, local democracy in tatters and the most ambitious school building programme ever torn to shreds. For what? It would be because independence as an ideology was put before the economic prosperity of a nation, because a party is prepared to deny the bold economic facts of a nation's circumstances, and because it is prepared to make any promise, distort any figure and ignore the substantial on-going union dividend that comes from being an integral part of the United Kingdom. All that to pursue independence, when the rest of the world seeks and recognises the value of interdependence. Those are the realities of nationalism in Scotland.

The Scottish National Party does not peddle just a falsehood; it peddles a dangerous falsehood. The total fiscal deficit from 2000-01 is £43.5 billion. Why, then, do the nationalists talk about a £90 billion oil fund? They published last year a document that was predicated on three things. First, Scotland would gain the near totality of oil receipts—a heroic enough assumption in itself. Secondly, oil would be priced at \$70 a barrel, but as we speak the price is \$60 a barrel and the SNP is silent on how it would fill the gap. It is silent, too, on the long-term forecast that the price of oil will be nearer \$50 a barrel. Thirdly, oil production levels would be maintained, when in truth they have fallen by 30 per cent since 1999.

It is difficult to know what poses the greatest danger to our nation. Is it the volatility of SNP economic forecasting, or is it the fact that even if—it is an enormous “if”—we had access to all the oil revenue, our public services would still be at the mercy of oil-price volatility? Let us never forget that even if Scotland had access to all the oil revenues for 2003-04 and 2004-05, there would still have been a total fiscal deficit of £13 billion over the two years. No matter how much it may wish to cover it up and no matter how much it may wish to talk about fiscal autonomy, the sole and pressing objective of the Scottish National Party is to gain independence for Scotland.

Alasdair Morgan: Given that Norwegian oil is sold in the world market at the same price as

Scottish oil, will the minister tell us how the Norwegian Government managed to cope with the problem of the volatility of the oil price?

Mr McCabe: Again, Mr Morgan ignores the reality of the union dividend that this country receives year on year, and which it has received year on year for some considerable time.

Let us assume for a moment that the SNP manages to convince its fundamentalists that the party should simply pursue government rather than independence. Even if the SNP manages to convince the fundamentalists in the party that independence should be put on the back burner, it is committed to driving a dagger through the heart of local democracy by capping every council in Scotland, ignoring—not for the first time—the fact that it does not have the powers to do so.

Mr Frank McAveety (Glasgow Shettleston) (Lab): The minister has just said that we would not have the legislative powers to introduce such a policy, but will he confirm what the cost to local government of such a freeze would be?

Mr McCabe: The cost in cash terms would be much more than £100 million, but the cost to our local democracy and the ability of councillors—even SNP councillors, few as they are—to determine the direction of their communities would be far higher. The cost of taking powers that even the Conservatives resisted during their years in Government would be enormous and would further damage the SNP's reputation, if that were at all possible. However, the reality is that, quite apart from what the SNP intends to do to local democracy and the fact that it contemplates capping council expenditure to an extent that even the Conservatives would not consider, it is determined to bring to an end the biggest-ever school building programme in our history. The SNP says that it would try to replace that funding by issuing bonds, which yet again ignores the fact that the Scottish Executive does not have the power to do so. That is more than deception—it is blatant political deceit.

It is no accident that the Executive has called today's debate. As 2007 begins, we signal our intention to defend Scotland's progress and prosperity within the United Kingdom and, on every day between now and our Parliamentary elections, to expose the dangers of nationalism and the devastating impact that it would have on our public services, our people and our progress. Through this debate, we signal our intention to use the force of our arguments between now and 3 May to earn the privilege to govern once again.

I move,

That the Parliament recognises that there have been continuing record levels of public investment in Scotland, as indicated in the most recent publication of *Government*

Expenditure and Revenue in Scotland 2004-05; further recognises the record levels of finance provided to local government which mean that by 2007-08 core funding will have increased by almost £3.2 billion, or 57.9% compared with 1999-2000, and believes that this position is a result of being part of the United Kingdom.

14:47

Mr John Swinney (North Tayside) (SNP): After listening to that speech, I am left with one thought: the mair he talks, the better we are kent.

I begin on a seasonal note by wishing you, Presiding Officer, and my parliamentary colleagues a happy new year. I must also say what a delight it is to see Peter Peacock back in the chamber. [*Applause.*] He was, of course, a deputy finance minister at one point: I did not know whether he would be able to shake off that habit, but I am glad that he is back today.

I do not think that any of us could have imagined that, 10 years after my colleague Alasdair Morgan ended Ian Lang's political career, the legacy of one of the most unpopular Secretaries of State for Scotland would be carried on in this Parliament by none other than Tom McCabe. His motion prays in aid the document "Government Expenditure and Revenue in Scotland", which was created by Ian Lang, who famously wrote to the Prime Minister of the time that the document

"is just what is needed at present in our campaign to maintain the initiative and undermine the other parties. This initiative could score against all of them."

What started out as a clearly party-political document that was created by the Tories to scaremonger in Scotland is now being used by the Labour-led Executive for exactly the same purpose 10 years later, despite the wise comment that the former shadow secretary of state for Scotland George Robertson made on 6 September 1995:

"I don't accept for a minute that we are subsidised."

I do not know what has happened to the Labour Party since Mr Robertson moved on, but Labour ministers—including the Minister for Finance and Public Service Reform—have paraded a supposed fiscal deficit on the back of the report. I will put on record a number of major flaws in the report, which render it an unreliable and discredited source of information.

First, GERS seriously underestimates Scottish tax revenues. A simple change to this year's methodology, which Mr McCabe will find buried in the small print if he looks for it, has resulted in a £400 million cut in the corporate tax take in Scotland. It is only a methodological change and nothing else has happened but, apparently, corporation tax in Scotland now accounts for only £2.4 billion, despite the fact that the profits of the

500 biggest companies in Scotland came to a soaring total of £23.5 billion, which created a corporate tax take of £7 billion. Perhaps that estimate is so dodgy that the authors of GERS had to include the statement:

"the estimate of Scottish corporation tax should be treated with extra caution."

You bet it should. That is hardly a ringing endorsement of what we have heard from Mr McCabe.

On income tax, GERS suggests that Scotland accounts for a declining share of UK income tax, based on an out-of-date survey with a limited sample in Scotland. To repeat the point that I made to Mr McCabe and which he studiously avoided answering during the 14 or 15 minutes that he spoke to Parliament, if Scotland accounts for a declining share of UK income tax, that blows a hole in the claims of the Scottish Executive that it is improving the economy and employment in Scotland. Even ministers in the Scottish Executive cannot believe that income tax levels are falling while the economy is doing well—they cannot have it both ways.

Jeremy Purvis (Tweeddale, Ettrick and Lauderdale) (LD): Between 2000 and 2004-05, income tax receipts in Scotland went up by £1.7 billion and social security contributions went up by £1.5 billion. Does Mr Swinney accept that the fact that people are paying more tax indicates that Scotland is wealthier than it was?

Mr Swinney: GERS says that Scotland is accounting for a declining share of UK income tax revenue.

Jeremy Purvis rose—

Mr Swinney: That is exactly what GERS says—I am demonstrating exactly what the Government document's analysis is.

The second flaw is that GERS significantly overestimates Scottish spending. At least £500 million of spending on English courts, English prisons and other services in England has been wrongly included in the Scottish accounts. Independent analysis has proven that point and it is acknowledged by the GERS statisticians in the small print. That major error has led to a review of the data by the Treasury. That £500 million error appears in the small print, but is not acknowledged in the headline figures in the document and got nowhere near being mentioned in the ministerial script that we just heard.

The third flaw is that GERS excludes any revenue from North sea oil being allocated to Scotland. It ignores the fact that the pre-budget report forecast was that oil revenues will rise to £11 billion next year and to almost £12 billion in 2012.

The fourth flaw is that the document completely ignores the UK deficit position. No account is taken of Scotland's £2.8 billion share of the UK's financial deficit—the black hole that is at the heart of London Labour's UK budget.

The small print of GERS states that the figures on VAT should be

“treated with caution”,

that the figures on corporation tax should be

“treated with extra caution”

—so they must be completely dodgy—and that the net borrowing figure, which is the supposed fiscal deficit,

“should, therefore, be used with some caution”.

We see caveat after caveat in the document, all of which undermine its credibility. However, none of those warnings stops ministers such as Mr McCabe telling journalists that the borrowing requirement equates to an £11 billion black hole. There is not much evidence of ministers exercising any caution. Perhaps Mr Lyon is going to explain it all to us now.

The Deputy Minister for Finance, Public Service Reform and Parliamentary Business (George Lyon): I know that Mr Swinney's party is fond of quoting Professor Arthur Midwinter—who advises the Finance Committee and is a respected gentleman—in its alternative document to GERS. Perhaps he can therefore explain why, in the SNP's document, identified defence expenditure has suddenly dropped by nearly £700 million from the July figure. He could also comment on Professor Midwinter's description of the SNP's attempts to write a budget as providing “a flawed prospectus” and as being based on “a selective interpretation” of GERS.

Mr Swinney: The explanation for the changes in the defence figures relates to parliamentary questions that were answered by Her Majesty's Government in London, which gave us more information about defence expenditure in the United Kingdom. Contrary to the GERS document, I take the view that spending calculations should be based on where the money is spent rather than on the absurd idea that, somehow, we all benefit from £1.5 billion of Foreign Office expenditure, most of which is not even spent in Scotland.

Iain Smith (North East Fife) (LD): Is the member seriously suggesting that the UK's defence does not benefit Scotland? Is he suggesting that we benefit only from the bit of defence expenditure that is spent in Scotland? That is complete and utter nonsense.

Mr Swinney: Surely Mr Smith must understand—as a member whose constituency benefits economically from the Royal Air Force

base that is located within it—that not every constituency in the country has defence procurement expenditure spent within it. The point that I am making is that that expenditure is disproportionately skewed outside Scotland and that the GERS document inflates the money that we carry from that.

Having tried to use the dodgy analysis that is GERS, ministers try in the motion to pretend that they have been generous to local government. Whichever way ministers look at it, however, the money that is made available to local government has gone down as a proportion of the Scottish Executive's budget.

Ms Wendy Alexander (Paisley North) (Lab): Will the member take an intervention?

Mr Swinney: I am afraid that I cannot take an intervention as I have only two minutes left.

Local government accounted for 36 per cent of Scottish Office spending in 1996-97 and for 31.8 per cent of Scottish Executive spending in 2005-06. The burdens on local government have increased but the resources that it gets from the Scottish Executive have declined as a share of the budget. No wonder council tax payers have felt the burden of a 60 per cent increase in council tax since Labour came to power.

George Lyon *rose*—

Mr McCabe *rose*—

Mr Swinney: I have taken interventions from Mr Lyon, Mr Purvis and Mr Smith. If Mr McCabe wanted to get in, he should have got up a bit earlier.

In a few months, the people of Scotland will rightly judge the Executive on many of the issues of public investment that have been raised. They will judge the Government on how it spends £31 billion of public money, on whether they get value for money and on contracts such as that for West Lothian College, which was built at a cost of £17.8 million but which now requires a buy-out that will cost £25 million. They will judge the Government that commissioned the Howat review of partnership priorities but refused to publish it because of adverse public reaction. What is the Government frightened of, other than an inquiry into the stewardship of Scotland's public finances?

Ministers have made much of the costing of parties' propositions in the forthcoming election campaign, and it is right that I will reflect on that in the closing minute of my speech. In a series of parliamentary answers before Christmas, the Executive conceded that, since devolution, the cost of legislation has been more than £500 million more than the Executive predicted. Ministers have an army of civil servants and an array of executive agencies that are directed to produce financial

memoranda for bills, but they still cannot get their sums right. They cannot get their sums right about their own policies, but they want us to believe that—somehow—they will get their sums right about our policies. However, the public are coming to the conclusion that a Labour Government that produces dodgy dossiers about the war in Iraq or about Scotland's public finances is unlikely to tell them the truth about anything else that relates to the future of the people of Scotland.

The Scottish National Party makes it clear that we have a number of imaginative and positive policy proposals—on business, local taxation and student debt—that will transform the lives of people in Scotland. However, we want to do more than operate within the powers of the Parliament—we want to create for Scotland a thriving and ambitious economy that uses Scotland's natural resources to create the type of investment fund that Mr Morgan talked about a moment ago, and to invest in Scotland's long-term future. That is the big thinking that Scotland needs and which only the SNP can deliver. Together with our commitments to invest in Scotland's public services and create a competitive economy, it represents the strongest commitment to deliver the very best for the people of Scotland.

I move amendment S2M-5378.2, to leave out from first “recognises” to end and insert:

“notes the fact that council tax has increased by 60% since 1997 at a time when the Scottish Executive has reduced the local authority share of Executive spending; welcomes the fact that the Executive has at last begun to address the funding pressures in Scottish local authorities in the most recent financial settlement; notes that *Government Expenditure and Revenue in Scotland* was devised as part of a Tory scare-mongering campaign that has been continued by Labour; notes that there are fundamental errors in the publication making this an unreliable, discredited source of information, and believes that Scotland will only reach her full potential with the normal powers of an independent parliament.”

14:59

Derek Brownlee (South of Scotland) (Con): Whatever opinions anyone holds about the accuracy or otherwise of the GERS report, some things in it cannot be challenged. We accept that there are record levels of public spending in Scotland. However, there are record levels of taxation in Scotland, too. Whatever allocation it is right and proper to make on taxes and spending in Scotland, we can be absolutely sure of the position at the UK level: tax and spending are at record levels. For the current year, the Treasury expects to raise £518 billion in tax, rising to £554 billion next year. That compares with £285 billion in 1996-97.

The SNP amendment dismisses GERS as scaremongering, and Mr Swinney made some

terrible remarks about Mr Lang, casting a series of aspersions on his motivations when he was Secretary of State for Scotland. It is perfectly possible to scaremonger by telling the truth, and the real issue with GERS is not the motives that lie behind the publication, but the accuracy and relevance of what is contained within it.

As members will be aware, we are to have a full examination of the GERS report next week in the Finance Committee. I would have thought that it would have made more sense to have the debate after rather than before that, but we are where we are.

We heard several questions from Mr Swinney about the accuracy of GERS figures. I am not here to defend every last figure in GERS, and I do not suggest that it is necessarily the final word on the fiscal and expenditure position in Scotland. In fact, one point highlighted by the GERS report is the lack of direct data about tax revenues in Scotland. Because of how tax revenues are estimated and how tax is collected at a UK level, the figures for most taxes in GERS are estimates—best estimates according to GERS. The SNP may doubt those estimates, but they may be very robust. The point is that they are estimates, whereas the figures that I gave for the UK are actual figures.

Fergus Ewing (Inverness East, Nairn and Lochaber) (SNP): Mr Brownlee says that the estimates of Scotland's share of the tax revenues are best estimates. Does that apply to the estimates of VAT, which the Office for National Statistics apparently makes by collecting information from households, some of which is extracted from diaries kept by seven to 12-year-olds? Does that represent the best estimates?

Derek Brownlee: I was about to come to a practical suggestion that might deal with the member's point, but I will leave seven-year-olds' diaries to the SNP at this point.

Given the level of interest in the revenue figures that are attributable to Scotland, it is worth serious consideration about whether we can do more to capture better data without, of course, adding unduly to the administrative burden on taxpayers. I would have thought that, whether one was a nationalist or a unionist, that was a perfectly feasible idea that has some merit.

In his closing remarks, Mr Swinney mentioned a series of answers to parliamentary questions that I lodged late last year, and I would be happy to provide assistance in terms of research for the SNP's position—if that was helpful.

The document mentioned by Mr McCabe, “Scotland in Surplus—The economic platform for Independence”, argues, as Mr Swinney did, that corporation tax as shown in GERS is an

underestimate. It quotes as an example the corporation tax paid by the Royal Bank of Scotland Group, a company that is not unfamiliar with SNP figures. The point was perhaps best made by Mr Angus MacNeil MP in a letter to *The Scotsman* on 2 January this year. He wrote:

"The GERS figures are not even credible in other areas, such as Scotland's corporation tax contribution, given that the Royal Bank of Scotland alone manages to pay Scotland's alleged GERS amount."

The current version of GERS shows corporation tax revenue in Scotland as £2.4 billion. The figure in the Royal Bank of Scotland accounts for 2005 is £2.4 billion, so I see where Mr MacNeil is getting the figures, but it is a gross oversimplification. We do not need to know the fine detail of activities that the Royal Bank of Scotland undertakes to understand that it does not earn all its profits in Scotland. It is therefore wholly unrealistic to suggest that it would pay all its tax in Scotland, so one SNP criticism of the accuracy of corporation tax figures in GERS is fairly easily shot down.

What we do not know is what tax revenues in Scotland would be if we had a fiscal policy rather more enlightened than that operated by Gordon Brown. We do not know whether what the Labour party refers to as a union dividend could be higher than it currently suggests. If I understand the Labour argument correctly, the union dividend is simply that Scotland can spend more than it taxes. We have heard less from the Executive about whether the dividend has been spent to our best advantage. We have heard a whole list of spending from the Minister for Finance and Public Service Reform, but rather less about outcomes.

I will quote someone who might know something about the matter—or members might think not, as the case may be. The former Cabinet minister Stephen Byers, who is still a Labour member of Parliament, wrote in London's *Evening Standard* on Monday that he had some sympathy with the view that the overall burden of taxation was at

"the limit of public acceptability ... Given the record levels of public investment, our public services should now be reaching world class levels—so we shouldn't be seeing only incremental changes, which is all too often the case at present".

Alex Neil (Central Scotland) (SNP): Given what the member has said, why have the Tories criticised our proposal to reduce corporation tax to 20 per cent?

Derek Brownlee: If we had any confidence that the SNP could deliver or fund that, it might be a different matter. It is perfectly open to Gordon Brown to reduce corporation tax if he wants to, but he shows no signs of doing anything about that.

I suggest that the real question that we should consider is whether the Executive has spent

wisely and delivered value for money. Perhaps the Executive will argue that, in contrast to Mr Byers's remarks about conditions south of the border, it has been better at delivering value for money and has delivered better public services.

Tommy Sheridan (Glasgow) (Sol): Will the member take an intervention on that point?

Derek Brownlee: No—I want to make progress.

If the Executive had been better at delivering, I have no doubt that it would have published the Howat review. If that review had said that the Executive was incredibly efficient and was spending money wisely, ministers would have been falling over themselves to publish it and bask in the glory. We know that the Government has wasted money—Audit Scotland reports as much almost weekly.

I am a unionist and I believe that Scotland's interests are best served by remaining part of the United Kingdom. However, there is a better case to be made for the unionist cause than that which the Government has exhibited. The SNP would love it if the people of Scotland believed that the best that the union could deliver for Scotland was what the Executive has delivered. To condemn the Scottish Government's record is not to say that the only alternative is independence. That is why our amendment calls for better government in Scotland, better value for money and greater efficiency in public services.

Scotland will be poorly served if the debate in the next few months is polarised between the agenda that the Executive offers and that which the SNP offers. That Scotland can prosper as part of the United Kingdom I am sure of; that it will do so under the current Government I would not bet on.

I move amendment S2M-5378.1, to leave out from first "recognises" to end and insert:

"notes the publication of *Government Expenditure and Revenue in Scotland 2004-05*; recognises that levels of taxation and public spending in Scotland have reached record levels; believes that the Scottish Executive has failed to deliver value for money for taxpayers, and calls on the Executive to place more emphasis on delivering public services more efficiently."

15:07

Jeremy Purvis (Tweeddale, Ettrick and Lauderdale) (LD): The debate is welcome and presents an opportunity for members to highlight some of the investment that has been spent, announced or planned in their constituencies or areas to make a difference for individuals, as the minister said.

In my constituency, since the partnership Government was elected, announcements have been made of funding for the Borders railway, of

£55 million for three new high schools in the Borders and of £30 million for a brand-new further and higher education campus in the Borders, which will establish the first university college in the region. Funding has been announced for roads improvement and health investment. A total of more than a quarter of a billion pounds has been announced for that region in seven years. That is unprecedented. All of that is committed and allowed for under a properly managed budget that has overseen growing wealth in Scotland.

Mr Swinney has taken a wrong analysis from table 6.8, which is on receipts. As 96 per cent of all Scottish businesses do not pay corporation tax—they are under the threshold for it—but pay income tax, one indicator of a growing economy is income tax receipts, because most small businesses pay income tax. Between 2000-01 and 2004-05, income tax receipts increased by £1.7 billion and Scotland's share of UK income tax increased from 6.9 per cent to 7.3 per cent.

Alex Neil: I accept that only about 4 per cent of our companies are incorporated, but the point that Mr Swinney made stands. The 4 per cent that are incorporated made total profits in excess of £24 billion, but the Executive claims that it received only £2.4 billion back in corporation tax from those profits. Even if we take into account double tax relief, that figure is fallacious.

Jeremy Purvis: In very ably answering an intervention, Mr Brownlee highlighted the fact that that simplistic argument simply cannot be followed. There is no doubt that the level of expenditure that there has been in my constituency and in others would have been at risk if independence had been flirted with.

Let us look at the SNP's own figures in its budget paper. The SNP must go further and ensure that the headings of the proposed expenditure in its paper match the headings in the Scottish budget documents—not the headings in the GERS report, but the headings in the budget documents that the Parliament scrutinises. That would provide a degree of clarity and would enable us to cross-reference planned expenditure under an independent Scotland with expenditure under devolution. Of course, the SNP wants us not to be able to do that, as that would highlight the areas in which it would make cuts.

Let us look at just one area. The SNP's forecast for 2006-07 for corporation tax revenues is £11.43 billion, with the allocation to Scotland of 95 per cent of North sea oil revenues. However, the SNP does not include in its budget paper its own policy of cutting 10 per cent off corporation tax. The SNP's paper claims that there is a budget surplus in 2006-07 of £610 million. That claim is extremely fragile. However, even if we swallowed that, with the SNP's cut in corporation tax there would be a

reduction in revenues of £1.14 billion in year 1. Over a four-year Parliament under an independent Scotland, the 4 per cent of Scottish businesses that are incorporated would have to grow revenue of £4.8 billion in the budget. It is a ridiculous proposition to make year-on-year cuts in public services of £190 for every person in Scotland, which is what the SNP would do.

Jim Mather (Highlands and Islands) (SNP): I have two points to make. Does the member concede that we are talking about the figures for 2004-05, when the tax rate was fixed at the UK level? Does he also concede that, notwithstanding the fact that he has skewed his income tax figures to include additional revenue from sole traders and partnerships, Scotland's share of the UK's income tax revenue has dropped from 8 per cent in 1997, when the Labour Government took over in this country, to 7.3 per cent of the UK total?

Jeremy Purvis: Mr Mather is drifting all over the place. I am using the SNP's figures. The SNP's budget paper shows a £1.14 billion cut in revenues in year 1—the SNP has not even put its own policy in its budget paper. It is a ridiculous position to hold.

Jim Mather: It is historic.

Jeremy Purvis: It will be historic. I say to Mr Mather that he has already thrown it away.

We hear, week in, week out, about the Norwegian model. Let us consider Norway. On 8 February 2005, Alex Salmond trumpeted the fact that

"Scotland stands to benefit from our North Sea resources to the tune of 1 trillion dollars in the future."

That ambition has been scaled back over the past year—unlike some of the SNP's spending plans—from \$1 trillion to £90 billion. That is a hell of a scaling back. The SNP's policy is based on Norway's; however, I cannot see a 10 per cent reduction in what the SNP would put into its oil fund because of cuts in corporation tax.

Figures from the Organisation for Economic Co-operation and Development show that, as a percentage of gross domestic product, Norway's tax burden stands at 45 per cent compared to the UK's 37.2 per cent. That led Angus Robertson to say, honestly, that if we were to replicate the Norwegian model, taxes would have to go up. The SNP shadow minister for social justice stated in the Parliament two years ago:

"We need to raise taxes and redistribute the wealth in Scotland."—[*Official Report*, 19 January 2005; c13601.]

If we are to consider a model such as Norway's, we must be up front in saying that, in Scotland, people would pay 8 per cent more in income tax.

On the Norwegian oil fund, let us consider what the Norwegians themselves have said. This is not

from a dodgy dossier, but from the Norwegian Ministry of Finance's white paper, "Macroeconomic perspectives for the Norwegian Economy—Challenges and Options". The white paper is frank in its estimate of the impact of an aging population and the pressures on the Norwegian economy in the future. I quote from it:

"Given reasonable estimates of oil prices, a sustainable spending of petroleum revenues can only make a modest contribution to the financing of the expected expenditure increase."

Even with its high tax burden and its oil fund, Norway has to make hard choices about the future of its economy. Those are hard choices that the SNP is simply incapable of making.

The Conservative amendment is timid in the extreme. Where are the calls that the Conservatives were making 18 months ago to reduce the size of public expenditure in Scotland? Just before Christmas, they called for free personal care to be centralised and they wanted a sweetener for council tax. Those things could not have happened if the Tories had had their way. In September 2004, Mr Fraser said:

"You cannot increase the size of the private sector without taking steps to reduce the public sector."

All the Tories are now calling for is better efficiency, showing timidity as we get nearer to people making their choices at an election.

The SNP's council tax sweetener is plainly ridiculous. It uses efficiency figures that it has never accepted to cap and centralise local government, and to reduce accountability. It is also saying that those councils that are already efficient are going to have to cut front-line services because they cannot have the ability to set council tax levels in their own way—a Scottish Socialist Party policy that the SNP has adopted.

There will be choices to make in May, and there is enough to make people reject the Opposition. Ultimately, the system needs to change, and the Parliament and local government need greater fiscal accountability. That will be required in future, but it can only be delivered in a proper way and not in the fantastical way proposed by the SNP during the past few years.

15:16

Ms Wendy Alexander (Paisley North) (Lab): I preface my speech by saying that the SNP's opening remarks betray a rather depressing lack of self-confidence. It devoted not one moment to advocating its plans that, in a few weeks from now, Scotland should shift from the union dividend to relying on a resource that passed its production peak in 1999, and that, in the past 15 years, has not once met the level of resources that were provided by the union dividend. Even the United

Kingdom Offshore Operators Association suggests that, within 20 years, that resource will be at a quarter of its peak level of production. That brings me to the substance of my speech.

In the eyes of the electorate, political credibility requires financial credibility and I admit that it is hard to achieve. It was very hard-won for the Labour party. Indeed, a perceived lack of financial credibility led to 20 years in the wilderness for my party. So come election day, it will be economic and financial credibility that will count.

I therefore offer the Opposition party some advice from a party that has been there. It will not get economic credibility by slandering independent statisticians. It will not get credibility by changing its accounting methodology month after month. It will not get credibility by conducting vendettas against Scotland's economic development agency. It will not get credibility by making personal attacks on the leading personnel of the Confederation of British Industry because it happens to disagree with their views. It will not get credibility by touting an oil resource that cannot be funded. It particularly will not get credibility by telling a press conference in London that it promises to make no new taxes and then denying it three hours later.

The SNP is struggling for economic credibility, so we should examine its financial credibility. First, it is going to cut corporation tax by one third. As we have just heard, in year 1 the impact of that will be about £1 billion less in revenues. Secondly, it will have a small business rates relief scheme, which will cost another £150 million. Thirdly, it will cap local income tax, costing another £1 billion. We would like to hear from the SNP what current services it will cut to find that promised £2 billion.

That was where we were in November. In December, when the fiscal heat was really turned on to the SNP, its panicked leader responded with the extraordinary promise of no new tax rises. So in an independent Scotland, there will be nothing to address the future needs of the environment, to tackle climate change, for tomorrow's national health service, or for the Scottish education system. Perhaps later this afternoon we will hear if that rather rash promise has lasted into the new year. The electorate deserves to know.

Alasdair Morgan: Is the member saying that the tax burden on Scotland is not high enough?

Ms Alexander: I am simply asking whether the SNP leader's promise that there will be no new tax rises has survived into the new year, yes or no. We look forward to hearing the SNP's conclusions.

I turn from the very painful revenue side to the spending side of the SNP's budget. Any reasonable person faced with more than £2 billion in promised tax cuts would expect a little fiscal prudence on the spending side. Of course, true to

form, the SNP is still trying to bribe the electorate. Indeed, I commend the events of the past four months to any politics student out there who wants to know about electoral bribes.

For its first bribe, a party should identify the most vocal—not necessarily the most needy—sections of the electorate and try to buy them off. Thus, when students were returning to college in September, the SNP promised to cancel all student debt past and present. On that policy, I can add little to the expert forensic destruction that was carried out by my colleague Allan Wilson, but that SNP promise represents another £1.7 billion that an SNP finance minister would need to find. The cumulative total now stands at £3.75 billion.

For its second bribe, a party needs to identify those electors who are most likely to vote—in Scotland's case, that means the elderly—and try to con them into the party's camp. Thus, when the weather started to get cold in October, Nicola Sturgeon promised pensioners a citizens pension, which would cost another £1 billion. The running total now stands at £4.75 billion.

And so the bribes have gone on. When we came to the panto season in December, the SNP promised a new fund for arts organisations. In the new year, the largesse has continued, with the SNP leader promising to double the Executive's international aid budget. I will stop there.

The situation would be pretty comical if it were not so serious. Together, all the SNP's promised tax cuts and new spending would require £5 billion to be found from current budgets. Of course, fantasy finances are nothing new to the SNP. However, in 1999 Alex Salmond at least had the honesty to admit that the SNP's spending plans would require at least a penny for Scotland. No longer is such an admission made.

Financial credibility, or the lack of it, goes to the heart of a political party's character. When, over a decade ago, we in the Labour party took the very hard decision to stick with Tory spending plans in order to stabilise the public finances, the electorate was won round. The SNP lacks that essential financial credibility. As the clock ticks to polling day, the light of forensic analysis that is now shining on the SNP's plans will have the nationalists squirming with discomfort as their promises evaporate and their bribes are exposed. They may be able to con themselves, but they will not continue to con Scottish families.

15:22

Alex Neil (Central Scotland) (SNP): The one thing that we can learn from the Labour and Liberal Democrat speeches today is that all members seem to have read this morning's opinion polls, which show what the Scottish people think of the union dividend.

What is the union dividend? Part of the union dividend is a rate of child poverty that is the highest in the whole of western Europe. In independent Denmark, independent Norway and independent Finland, the level of child poverty is one tenth of what it is in Scotland under the union.

Ms Alexander: Will the member give way?

Alex Neil: I will in a minute. I am coming to Wendy Alexander's points, so she need not worry.

Part of the union dividend is pensioner poverty, given that a quarter of our pensioners live on or near the breadline. They remember that, one year, Gordon Brown gave them a rise of 75p a week.

Ms Alexander: The member cited Denmark and Norway as examples. Will he confirm that the social settlement in those countries is predicated on higher top-rate income tax, higher basic-rate income tax, higher VAT and higher duties? If the member is advocating such taxation levels to deliver that kind of social system, we would be delighted to hear it—

The Deputy Presiding Officer (Murray Tosh): Ms Alexander, you must—

Ms Alexander: We just want clarity on tax plans.

Alex Neil: The member was supposed to make an intervention, not a second speech.

The social settlements in those countries are predicated upon having the independence to take the right decisions for that country. Some independent countries want higher taxes than others. Other independent countries want a different tax mix. Our argument is that Scotland currently has the worst of all possible worlds with the union dividend.

George Lyon: The problem with the SNP's proposition is that the SNP wants the spending levels of Sweden and the tax levels of Ireland.

Alex Neil: On the contrary, Scotland is potentially the richest nation in the whole of western Europe. We produce 10 times the oil that we need and eight times the gas that we need. We have the potential to produce five times the electricity that we need. There is no other European country with our level of natural resources. Had Labour, the Liberal Democrats and the Conservatives not wasted those resources year after year, our people would be living in a wealthy country, instead of in poverty under the union and those parties.

What is the Executive doing about fuel poverty? It makes much of the winter fuel allowance. Three years ago the allowance accounted for 35 per cent of the average household fuel bill; now, after a 57 per cent increase in energy prices, the figure is down to 22 per cent. What will the Executive do to

restore the allowance to its previous level, so that our people do not have to live in fuel poverty?

The Executive talks about waste, but the Tories, the Liberal Democrats and the Labour party are the lot who have presided over the private finance initiative. Let us consider the waste in PFI. The Tories signed a contract for the Skye bridge that wasted £27 million of public money. Inverness airport had to be bailed out with public money, at three or four times the original cost. The Executive is waiting until after the election to tell us how much it will take to bail out West Lothian College, which will also cost an enormous amount of money. Wendy Alexander asked where the SNP will get the money that it needs. We will start by ceasing to waste money on further PFI projects, which are bad news for the taxpayer and bad news for Scotland.

Tommy Sheridan: Does the member agree that it is a bit hypocritical for members of the Labour and Liberal Executive to call on us to support the rigorous academic research of GERS and people such as Arthur Midwinter when they dismiss Allyson Pollock and others who talk about the inordinate costs of PFI?

Alex Neil: Absolutely. The closure of Monklands hospital accident and emergency department is just one example of the social consequences of PFI.

The Executive accuses other people of being unable to calculate their figures, but Mr Swinney gave two examples of Executive figures that are £1 billion out. In GERS £500 million has been allocated to us for the cost of English prisons and the English court system. I know that John Reid is in charge of those, but that is no reason for us to have to pay for them. The Executive has also miscalculated the cost of its legislation by £500 million. We will take no lessons in arithmetic from Mr Lyon and Mr McCabe, the ministers who presided over the Scottish Enterprise financial fiasco last year.

I wanted to paint a picture of how in an independent Scotland the wealth of Scotland would be put to work for the people of Scotland. Unfortunately, I have only six minutes, so Mr Mather, Mr Ewing and Mr Morgan will need to do that for me.

The Deputy Presiding Officer: I will call them if they press their request-to-speak buttons.

15:28

Mark Ballard (Lothians) (Green): My plan this afternoon was to focus on the part of the Executive motion that refers to the

“levels of finance provided to local government”.

In particular, I wanted to talk about the crisis in some key areas of local-government supported activity, such as social work, community health and adult education. However, given the tenor of today's debate so far, I am filled with dread about the next four months. We have heard Tom McCabe accuse the SNP of peddling “dangerous falsehoods” and John Swinney talk about Labour's “dodgy dossier”. Is that the best that we can do in the next four months?

The decision that we face is ultimately a political and democratic one, not a purely financial one. Over the past 30 years, there has been a tradition of holding referendums in this country to decide political and democratic issues, such as whether Britain should stay in the European Union and whether there should be a Scottish Parliament. If we are to decide on the constitutional question, all parties will need to admit that it is now time to have a referendum on the issue. I know which side I will be campaigning on in that referendum.

Instead of spending the next four months of this session of the Parliament arguing over money here and there, I suggest that we focus on a political method to deal with the constitutional question. I refer not to the Scottish Parliament elections but to a referendum. Whichever side of the fence people happen to be on on the constitutional question, it is time for them to support a referendum on the issue. That is the way to settle the matter in the proper political manner. We should be doing that and not using the argument about GERS as a proxy for that decision. Only a referendum is enough.

I turn to the substantial issues that underpin support for local government finance. Earlier in the debate, George Lyon quoted Arthur Midwinter as if he were the great guru of Scottish and local government finance. I bring to George Lyon's attention the report that Arthur Midwinter compiled on social work funding in Scotland, in which he identified a massive gap between the funding that the Scottish Executive provides within grant-aided expenditure and the money that the local authorities need to spend on core children's social services. He estimated the gap at £161 million, and said that it arose first because of an historical legacy and now because of the number of children in residential and foster care and the growing number who need preventive social work care.

Alex Neil: That view was expressed by the official adviser to the Finance Committee, which is now convened by Wendy Alexander. I note that, having made her speech, Wendy has now left the chamber. Does that mean that the Finance Committee's adviser's view of the Scottish Executive's statistics is that they are not up to international standards?

Mark Ballard: The report was a piece of work that Arthur Midwinter provided for the Association

of Directors of Social Work. Arthur Midwinter was also clear in saying that Jack McConnell's comments in response to my colleague Robin Harper when he raised the issue at First Minister's question time were grossly misleading. That does not seem to measure up to any international standard that I have seen.

We have a massive gap in social work funding, and the money is being taken from other social work services to pay for the shortfall in children's services—a pattern that is common across much of local government. The Scottish Executive may provide more money, but it always has strings and targets attached. That means that the soft services—which are also the vital services, because they make a difference to people's lives—are seeing constant cuts in funding.

In a members' business debate in November last year, I raised the issues faced by community health organisations, which work to prevent people from ending up in our national health service because of heart disease and stroke. I outlined the fact that in the NHS Greater Glasgow and Clyde area, community health organisations saw a 50 per cent cut in funding over the year, which is decimating those services. Money is going into the health service, but it is going into curing and not preventing disease. The latter is seen as the soft area where the Government can make cuts in order to put money into other services. The same thing is happening in adult education. Increasingly, adult education is being driven by an agenda that is about skills and lifelong learning and not about developing the potential of individuals, which is seen as being too soft and fluffy.

If we are to have a successful future for Scotland, we need to recognise that services such as diet projects, empowerment projects through education, and social workers who get involved in early intervention work with adults are what we need most of all. More money is welcome, as the Executive sets out in its motion, but the reality on the ground is that we are seeing major cuts in some of the most vital services that are provided by local government.

15:34

Richard Baker (North East Scotland) (Lab): Labour's stewardship of the UK economy and our leadership of the Executive have not only meant record levels of public investment but have resulted in sustained economic growth. We have delivered on our pledge to make economic growth our top priority for Scotland.

The motion is important, because it recognises that being part of the United Kingdom has been crucial to that success, has brought greater prosperity to more people in Scotland, has

improved services and educational opportunities for families and communities in our country, has reduced poverty and has provided better support for vulnerable groups. In recognising that being part of the UK has been crucial to that success, it highlights the importance of the choice that the Scottish electorate has to make in May about whether to prioritise separation or education, and about whether it is more important to continue to grow our country's economy and improve our public services or to put them at risk by focusing instead on constitutional wrangling. With respect, I have to tell Mark Ballard that, in Quebec, the process of having a referendum had an economic cost, so my argument is valid.

Being part of a strong UK economy, due to the success of Gordon Brown as Chancellor of the Exchequer, has meant that we in Scotland have benefited particularly from the massive increase in investment in public services throughout the UK, and has provided a firm foundation for the Scottish Executive's own strategy for economic growth.

Alasdair Morgan: Following that argument, would Mr Baker care to estimate the economic cost to Scotland of the period between 1997 and 1999, when we were undergoing the referendum process for the setting up of the Scottish Parliament?

Richard Baker: That is a totally different argument; it is like comparing apples with pears. I do not think that there was an economic cost, but we know that the economic costs of Mr Morgan's party's plans would be massive.

The nationalists are fond of comparing Scotland to new states such as Estonia and Latvia—or whichever they are picking today—and saying that we should compare our growth to theirs, but that is ridiculous. Those countries' rates of growth are high now because they suffered decades or even centuries of economic crisis. We start from a far higher base. We are not struggling to throw off the shackles of communism, though some would have us put them on. Over the history of the United Kingdom, Scotland has been part of an economy that is strong beyond the wildest dreams of those states. Whatever delusions others propagate, we have no oppressor to shake off and we have benefited from our partnership in the UK. With devolution, we are building on that base to deliver greater prosperity for Scotland.

Alex Neil: Will Richard Baker explain, in terms of GDP per head, how it is that eight out of the 10 wealthiest nations in the world are about the same size as Scotland?

Richard Baker: Our GDP is growing and now, for the first time in many years, we see our growth outstripping that of England. Our economy is

moving in the right direction. With the SNP it would go straight downhill.

Some say that we cannot have growth while investing more in public services, but the Executive has achieved just that. We have doubled spending on health to more than £10 billion next year, allocated hugely increased funding to local authorities and increased spending on the knowledge economy, with funding for universities and colleges up 50 per cent since 1999 to a record £1.6 billion, and we are reaping the rewards of that strategy's success. While other countries in Europe and throughout the world have slipped in and out of recession, we have enjoyed 20 quarters of consistent growth, record levels of employment and an employment rate that is above the UK rate—and there are more positive economic indicators. Why put all that at risk by taking a punt on independence, unless one is obsessed with that notion?

The economics of the argument are unavoidable facts, however much SNP members try to avoid them. They try to dismiss the GERS report, as they have done today, and they say that Labour is too pessimistic about oil reserves, despite the fact that we know there is as much oil to come out as has been extracted, that we are acting to ensure that Aberdeen remains Europe's energy capital into the next century and that, as with so many things, there seems to be some confusion in their own ranks about the issue.

In a letter to *The Scotsman* on Monday, Professor Christopher Harvie predicted peak oil production in 20 years' time. Where would that prediction leave output in the North sea—a comparatively maturing field—and where would it leave the SNP's economic argument for Scotland? The SNP's economic black hole gets bigger and bigger. Was that letter written by the same Professor Christopher Harvie who is the SNP's candidate in Kirkcaldy? If not, I am happy to be corrected, but Kenny MacAskill should be aware that Professor Harvie also writes in support of the Edinburgh tram scheme. I do not share Professor Harvie's pessimism about oil production, but that statement by the SNP's own candidate only reinforces the fact that for any economy to be based on oil revenues in perpetuity is ridiculous and unsustainable. If the SNP's own candidate will not buy key parts of that most fundamental argument, why should anybody else?

The SNP's arguments are often unconvincing, if not deliberately misleading. The SNP argues that it would cost only £100 million to scrap the graduate endowment and pay back all graduate debt, which is, in reality, a £1 billion-plus commitment. That would not improve the quality of our education system one iota, and what would go to pay for it? Then there is the pledge to cap local

authority spending—another £1 billion commitment. What would go to pay for that? Would it be thousands of teaching posts, as Labour showed would be only too likely earlier this week? Public services would pay the price of the SNP's plans. Scottish families would too, not only through having poorer public services but through having to pay higher local taxes because of the SNP's plans for local income tax. That would not benefit Scotland's economy.

What Scotland's economy needs is growth and investment in public services. With Labour, that is what has been achieved. We do not believe that such things are our priorities alone; they are also the priorities of the people of Scotland. People want not separation and uncertainty but continued growth and investment in health and education. That is why we go into the elections in May confident that in the battle of ideas it is our vision for Scotland that will win again.

15:40

Bill Aitken (Glasgow) (Con): The two opening speeches set the tone for this afternoon's debate. Tom McCabe started by giving the SNP a good kicking, which most of us might say is a small fault in a good man. He then gave us a long list—indeed, a litany—of where expenditure has gone up over the past 10 years or so. Of course, it cannot be denied that expenditure in Scotland has gone up significantly during the time of devolution and the Scottish Parliament. However, it is disappointing that nowhere in his speech did Mr McCabe give any thought whatsoever to the questions whether the money is being sensibly spent or whether there have been tangible benefits. In that respect, his speech lacked credibility. Of course, Mr McCabe lacks personal credibility while the Howat report is locked in some cupboard deep in the vaults down at Leith, in case anybody should get to see it before the election. Mr McCabe is not really in a position to preach to us today.

John Swinney then rubbished the contents of the GERS report, including the statistics, but of course he would say that, wouldn't he? I concede, however, that he has a point. We have accurate figures, and we know down to the pound exactly how much is raised by UK taxation, but the figure for how much is raised in Scotland is only an estimate. However, I suggest to Mr Swinney and his colleagues that the estimate cannot be all that inaccurate, and the fact that it does not suit the SNP's argument is no reason to badmouth all the figures.

Mr Swinney: In my speech, I presented a number of substantial criticisms to do with the weakness of the GERS document. Some of my points are conceded in the document itself, as are

endless points of caution that are never expressed by ministers when they discuss the data. Is that not a fair representation of what is an unreliable document?

Bill Aitken: Any document presented to Parliament should contain caveats, and it will be interesting to hear what the Finance Committee says when it considers the document in the next couple of weeks.

However, the SNP completely loses credibility. The party's benches may be occupied by different faces, but time and again we hear demands for expenditure that cannot be accounted for in SNP budgeting. Today, I look across and see John Swinney, Alasdair Morgan, Jim Mather and Fergus Ewing—gentlemen entirely of fiscal probity. However, if they were to leave the chamber and we were to hold a debate on social justice, we would have Christine Grahame, Sandra White, Linda Fabiani and Shona Robison all demanding higher and higher expenditure, all of which would be completely uncoded.

Alex Neil *rose*—

Bill Aitken: Of course, the reformed Alex Neil would sit on his hands, because he would not be able to say a word. He knows that he is ideally qualified to frighten the electoral horses. Mr Neil?

Alex Neil: I thank Mr Aitken for that lovely comment. What are the Tories' proposals? We have heard Mr Aitken's analysis of everyone else's proposals, but what are the Tories about these days?

Bill Aitken: The Tory proposals will be provided in manifest clarity when our manifesto is announced shortly. At that point, Mr Neil will be able to argue about them and will have the chance to cost them.

Jeremy Purvis: In a spirit of clarity, will Mr Aitken say whether he agrees with Murdo Fraser, who in September 2004 said that the public sector in Scotland needed to be reduced?

Bill Aitken: It is the case that we must have a much more balanced economy. If we do not, we will be on the road to tears.

Let me deal with some of the SNP's assertions. Alex Neil says that we produce eight times the amount of oil and 10 times the amount of gas that we need. My response is that we produce 100 per cent of the hot air that we need. The SNP has so many items of expenditure, most of which are uncoded, that its financial and fiscal policy does not have one whit of credibility.

The Deputy Presiding Officer: You have one minute left.

Bill Aitken: The SNP says that its small business rates package would cost £150 million,

but that would cover only businesses with a rateable value of up to £8,000. The policy goes far beyond those, so there is a massive shortfall.

What about the proposals for the 220mph rail link from Glasgow to London, the Scottish component of which the SNP has committed itself to building? Depending on which estimate one uses, that will cost between £3 billion and £11 billion over a number of years. Again, that commitment is totally uncoded.

Fergus Ewing: Will the member give way?

Bill Aitken: I will give way when I have finished my next point, which is about the abolition of student loans and the graduate endowment tax. The SNP estimates that that would cost £100 million, but how can that be when in the 2004-05 fiscal year loans cost £208 million?

Have I got time to give way to Mr Ewing, Presiding Officer?

The Deputy Presiding Officer: No.

Bill Aitken: I am sorry about that, because Mr Ewing would not have had the arguments to respond.

The SNP is fiscally and financially irresponsible. Angus Robertson let the cat out of the bag recently when he admitted that what the SNP proposes can be funded only through increased taxation.

15:46

Mr Andrew Arbuckle (Mid Scotland and Fife) (LD): Already in the first election debate of 2007, allegations that millions and billions of pounds are being spent or misspent have been bandied about, and Alex Neil has personally exemplified the fact that this country has a surplus of natural gas. Instead of hurling such views across the chamber, perhaps we should consider what is happening outside the Parliament. Jeremy Purvis was correct to identify projects that are being progressed in his constituency, because that is what matters to the general public. Hardly a week goes past without some major capital project coming to completion. Following the stagnation and underinvestment of the late 1980s and the early 1990s, such projects are improving Scotland's infrastructure.

Tommy Sheridan: The member mentions capital projects, but is he not concerned that rigorous academic research suggests that the cost of the method that has been used to carry out those projects is 10 times greater than it would have been if public procurement had been used? Does that matter to the member?

Mr Arbuckle: What matters to me is that projects are going ahead after two decades of underinvestment.

When I visit schools, I see some of the results of the Executive's increased expenditure on education. Such increased investment—which has been driven by the Liberal Democrats—is helping to transform the country and to ensure that it provides a caring but competitive environment in the early years of the 21st century.

In their amendment, the Tories gripe that the current level of public expenditure is not healthy for the nation's economy, but it is essential after the years of Tory parsimony and neglect of our nation's infrastructure. Members who express concern about the high level of public expenditure should reflect on the fact that quite a high percentage of that money is going into building new roads, water works and schools, which cannot be done without spending money.

I am pleased that the SNP amendment welcomes the increased support for local authorities that the Executive will provide in the coming year. As someone who has a foot in the local authority camp, I know that councils face significant challenges in meeting the demands that are now made of them, many of which have been brought about by the increasing longevity of our population and the increasing pressure that that places on services. Our commitment to care for our older people requires considerable funding, and this year's increase in aggregate external finance is welcome.

Mark Ballard alluded to the fact that another major challenge for councils is the size of the support packages that are needed to ensure that our policy of social inclusion is carried out. I know of several individual support packages that are well in excess of £100,000 per annum. Expenditure on such provision is taking large chunks out of council budgets. However, Mark Ballard was wrong to describe such services as "soft"—they are quite the opposite. He was equally wrong to suggest that there is a "massive gap" in the funding of social services, although there is an urgent need for the role of social services in local authorities to be clearly defined.

Members of the Executive parties effectively pointed out discrepancies in the SNP's budget and expenditure proposals, so I have resolved not to go near that subject. However, although we have heard a pretty comprehensive list of the SNP's failings, one matter has not been mentioned. A couple of months ago, I read in *Holyrood* magazine that Alex Salmond wants to scrap the Edinburgh airport rail link project and spend the money on other, identified transport projects. Mr Salmond's list of alternative transport projects did not appear to mention a new Forth crossing, yet only a few weeks earlier Bruce Crawford had been in the headlines saying that the Edinburgh airport rail link project should be scrapped and the money

used for a new Forth crossing. Members who are wondering how to get voters to place a cross in the box for them know that the SNP's answer is to promise to spend the money several times.

Alex Neil: Will the member say where the money will come from to fund Nicol Stephen's proposal to reduce income tax in Scotland by 2p in the pound?

Mr Arbuckle: As I said, we are in an election period—[*Interruption.*] The answer exists and the Liberal Democrats will achieve that reduction honestly and without the double counting that the SNP practises.

The big problem for the SNP is that independent experts are confident that the GERS figures are accurate, within accepted margins of error. Derek Brownlee was right to make the point that the Finance Committee will hold an evidence session on GERS next week. I hope that that session will produce light as opposed to the heat that has been generated in this debate.

We are in a period of increased expenditure, and I am sure that 10 years from now we will regard these as years of plenty—to put it in biblical terms. The planned expenditure for the coming year is good for Scotland, and I am sure that the people of Scotland realise that, just as they recognise the role of the Liberal Democrats in bringing the proposals forward.

15:52

Jim Mather (Highlands and Islands) (SNP): The resurrection of and emphasis on the discredited GERS report is a sure sign that Labour, the Lib Dems and the union are being exposed for their failure to meet the aspirations of the people of Scotland. We are witnessing a brazen attempt to continue the asset stripping of Scotland in the fine tradition of the 1974 McCrone report and to bolster the continued incompetent management of Scotland.

Under the Labour and Lib Dem devolved management of Scotland, revenue growth has been just 15 per cent, compared with 40 per cent in Norway, 42 per cent in Ireland and 57 per cent in New Zealand during the same period. If we had had just four years of growth at the New Zealand rate, Scottish coffers would contain an extra £9 billion.

What has the Labour and Lib Dem devolved management of Scotland been doing? It has not published the Howat report; it has given us the efficient government programme and made the phrase "efficient government" an oxymoron; it has failed—

George Lyon: Will the member give way?

Jim Mather: Let me finish the charge sheet. The devolved management of Scotland has failed to do what was needed to achieve real value from the McCrone deal; it has had the fiasco of Scottish Water and the mechanism that returned £500 million to the Executive as a hidden tax; it has faced disastrous public-private partnerships such as the Skye bridge and Inverness airport; and it has produced the overspends that Derek Brownlee exposed. Perhaps George Lyon will provide an explanation.

George Lyon: It would be helpful if the member explained which country he would emulate in setting tax rates for an independent Scotland. He mentioned many countries when he talked about economic growth. Would he apply the tax levels that apply in Ireland, Norway, Sweden or New Zealand? Let him indicate which.

Jim Mather: We would apply our own tax levels. There are many countries to choose from. In 1945, there were only 74 countries. There are now 119 more countries and the number is increasing by 20 each year. Most countries are getting things right. They are more prosperous than Scotland and they are not running up deficits. However, George Lyon's on-going response is to set targets—a system that worked badly in the Soviet Union and that has worked badly here. If he listens up, I will tell him why. The reasons are that the Executive rarely has sufficient information or operational good will to set effective targets and that the targets only ever reflect imperfectly the Executive's real objectives. The reason for that is that the Executive does not really have any objectives. It has no objectives on economic growth, population or life expectancy. Now it is using the GERS report to make a case for retaining the same management—that could only happen here.

As John Swinney said, the Executive's actions are in keeping with Ian Lang's shameless objectives for the GERS report back in 1992, when the Tories were also defending the union and their grip on power and sought to score against other parties. We are seeing another iteration of the same unproductive exercise, which, coincidentally, is not replicated in England, Northern Ireland or Wales. That exercise damages our international competitiveness and domestic confidence, especially among young people. It is like one of the obscure and queer practices that were maintained in places such as mandarin-driven China and which held back the economy there for years, so that Chinese people were only ever successful when they got to Singapore, Hong Kong or the United States of America. That is remarkably similar to what has happened with people in Scotland. The Executive's practices damage Scottish chances and motivate more people to leave.

The motion shows that the Executive is willing to damage Scotland's prospects to stay in power. Through the GERS report, the Executive claims that we are in perennial deficit to an extent that is unmatched by any other developed country. There are signs of a GERS addiction.

Jeremy Purvis: In the SNP's paper "Scotland in Surplus: Past, Present and Future"—the introduction to which states that it is a forecast paper, not an historical one—why did the SNP not include its policy of a 10 per cent reduction in corporation tax, which would result in there being £1 billion less than is forecast? Why did the SNP not include its policy in its own paper?

Jim Mather: Mr Purvis should get with the programme. We are talking about 2004—we are looking in the mirror back at the GERS report data.

What does the report do for Scottish confidence? On top of low growth, low competitiveness rating, low incomes, low life expectancies and population decline, the Executive adds the mantra of perennial deficit. However, what the report really tells us is that the Executive ignores our oil revenues, understates our income and has in essence failed to make any reasonable adjustments to show Scotland in a proper and positive light. The report is not a reflection of a Government that has its weight on its forward foot and which is serious about economic growth—it is not the sort of document that lifts spirits and motivates stakeholders. It is like the story of a bigger business that has merged in partnership with a smaller business but which draws more and more revenue, earners and customer accounts into its head office and then claims that the smaller partner is non-viable, with the objective of maintaining the territorial presence and causing fear that kills any thoughts of ending the partnership.

We want to end the damaging and distorting partnership that is called the union, because small independent countries can reverse such damage readily and achieve high levels of prosperity and much higher living standards. I say to George Lyon that that is why there were 74 independent countries in 1945 but there are 193 now, with a going rate of 20 a year. Scotland could readily achieve prosperity in a similar way, because it has the attributes to be a wealthy country. By that, I mean not only the natural resources, skills, reputation and brand image, but what economists talk about as the embedded market: the physical and civic infrastructure; social cohesion; the rule of law; well-educated and well-based accountancy and legal professions; well-regulated financial institutions; and the probity, trust and reputation. All those features give us a predisposition to grow. Throughout the planet, countries that have such features and which have boundaries with other

wealthy countries achieve wealth readily. We can inflate Scotland's wealth back to its proper level and get back on the forward foot. We can achieve that growth, rather than play a zero-sum game that damages Scotland and demotivates our people. I support John Swinney's amendment.

15:59

Tommy Sheridan (Glasgow) (Sol): There has been much talk so far about the GERS—I am tempted to suggest that they have more than enough problems of their own and that we should leave them out of the rest of the debate. I want to talk about another report: one by the University of Edinburgh's centre for international public health policy.

It is interesting that, in the course of Mr McCabe's speech, Mr Lyon's interventions and Wendy Alexander's speech, they were forthright in defending independent rigorous academic reports. However, they did not highlight the utter irresponsibility—to use a term that has been used by Executive supporters—of using the PFI/PPP method of trying to deliver public buildings and public services. When I asked Mr Arbuckle whether it mattered that, in delivering a new school, a new hospital, a road bridge, a road or a water treatment plant, the PFI/PPP method of financing was resulting in costs that are 10 times greater than they would be if those services and buildings were procured via public expenditure, he shrugged his shoulders and said, "I'm more concerned that we get them delivered." That is irresponsible—what Mr Arbuckle is really saying is, "We don't care because we won't be paying for it." Of course, our grandchildren and—given the length of the contracts—their grandchildren will be paying for that fiscal folly.

According to analysis by the University of Edinburgh's centre for international public health policy, which was featured four weeks ago in a "Frontline Scotland" programme entitled "In sickness and in wealth", the unitary charges in health alone—never mind education, roads and all the other areas of public service—to pay for the PFI folly on an annual basis will rise from £107 million a year to £510 million a year in the next five years. That is 10 times more expensive than the cost would be under normal public procurement methods. That is irresponsible. When Mr McCabe is asked to justify those figures he uses various methods to try to avoid the real question, most of which involve trying to rubbish the research. When people try to point out the inadequacies in the GERS report or in Arthur Midwinter's report, they are told, "Oh no, they're perfect. They're fantastic." Those reports tend to support the argument that we are levelling.

The truth is that ordinary citizens in Scotland do not believe that their health, education and

transport services have improved in any way, shape or form commensurate with the increased amount of money that is being spent on all those services. No one can deny—because it is there, in black and white—that more money is being spent in those areas of public investment. The problem is that so much of the money is being siphoned off by the parasites in the public services—the PFI businesses that parasitically live off that public investment—and is not being spent in delivering the public services on the front line. Every single social attitude survey shows—the most recent has simply reinforced the argument—that people's perception of the health service is that it is getting worse, not better. Why? Not because of the antics of the politicians alone, but because those politicians have set up funding mechanisms that mean that, despite the efforts of the hard-pressed nurses, doctors, porters and all the medical and non-medical staff in our hospitals and general practitioner surgeries, the money that is being spent on those services is not reaching the front line and much of it is going into the pockets of the private shareholders and into dividend payments.

If we are serious about improving public services in Scotland, we need independence, because we have to be willing to stand on our own two feet and take responsibility for our own public services and our own citizens, to ensure that we deliver world-class services. However, it is not possible to deliver world-class services by privatising them or by basing the capital expenditure on their private delivery.

PFI/PPP is not working. It is dragging our services down, and as soon as we get rid of PFI—paying for infinity is what it represents for our public services—we will be able to deliver world-class public services because the full value of every pound that we spend will go into services for every citizen, rather than the pockets of the private shareholders.

16:06

Bristow Muldoon (Livingston) (Lab): The debate is important and goes to the heart of politics in Scotland at the moment—particularly the constitutional issues. That is why I found it bizarre that Mark Ballard remarked that he wishes to avoid any debate about the financial consequences of splitting Scotland off from the union in the run-up to this year's elections. The people of Scotland have had the opportunity to vote for independence on many occasions since the 1960s, but they have always refused to do so. If we did not debate those consequences in the run-up to the elections, we would let them down. However, I wish to make some progress, so Mr Ballard need not bother getting up.

Mr Mather made some remarkable comparisons. He appeared to compare Scotland with the Soviet

Union and mandarin China and talked about all the new countries that have emerged since the second world war. I invite any of the SNP speakers to tell me what new countries have emerged from the developed, industrialised world and, in particular, western Europe. Would Mr Mather care to advise me of any?

Jim Mather: I thank Bristow Muldoon for giving me the chance to intervene. There are 119 additional countries. Every one of them is growing, getting more prosperous, doing better and making us more impatient to put Scotland on exactly the same footing.

Bristow Muldoon: That is remarkable. Mr Mather now seems to be suggesting that every independent country in the world is doing better than Scotland. The sad news for him is that Scots travel the world and can see that the SNP's doom and gloom do not represent the truth and that we have a quality of life and a standard of living that are far superior to those in most parts of the world. The SNP cannot talk the country down in that way.

The GERS report has identified that Scotland benefited in 2004-05 from almost £48 billion of public expenditure, which is up from £34 billion in 1999-2000. However, the Government does not incur expenditure for its own sake; the purpose of Government expenditure is to try to improve the country, and that is what has been happening. The evidence can be found in the way in which our health service is improving—outcomes are improving for patients with heart disease, cancer and stroke—and in the fact that more teachers are employed in our schools and our young people are doing better. It can also be found in the way in which Scotland's universities are excelling and in our investment in building infrastructure that is fit for a 21st century economy.

The GERS report also considers the revenue side of the balance sheet. It is right that we should consider revenue as well as expenditure. Even when 100 per cent of North sea oil revenues is attributed to Scotland, a £6 billion gap remains between revenue and expenditure. That gap equates to 4.8 per cent of Scottish gross domestic product and blows a hole in the SNP's claims that, if it separated Scotland from the UK, it would be able not only to sustain public services but to establish an oil fund for future investment purposes. It is clear from the report that it would be necessary to use all the oil revenues to support existing public expenditure in Scotland and, even then, there would be a substantial borrowing requirement. It is likely that, to keep the level of borrowing down to sustainable levels, the SNP would have to cut services, raise taxes or do both.

That approach is based on sustaining existing public expenditure and does not take account of the massive costs that would be involved in

separating Scotland from the rest of Britain and establishing the governmental infrastructure that is necessary for a separate modern state. It also does not take account of the £5 billion in SNP pledges that Wendy Alexander ably explored. From the beginning, the SNP's economic sums do not add up and would threaten existing service levels,

I will consider in more detail one SNP policy and how it would impact on our ability to sustain investment. I refer to the local income tax. For years, the SNP has been promoting the local income tax as one of its key policies, trumpeting what it sees as the fairness of the policy. It has even published a paper on the policy on its website—if Mr Swinney is interested in seeing a dodgy dossier, I can tell him that that is one of the dodgiest around. The problem is that the SNP performs a simplistic analysis of this policy. In the 17-page document, it ignores altogether the economic impact of the local income tax. Fundamentally, it gets its sums wrong, yet again. In the paper, the SNP predicts an average local income tax of 4.3p in the pound across Scotland. However, that assumes that any council tax benefit saving would accrue to the Government to enable it to mitigate the level of the tax. If we take that away, we see that the cost to ordinary Scots is more than 5p in the pound. That would give Scotland the highest income tax in the UK, make Scottish jobs less competitive, hurt working families and undermine Scotland's ability to recruit talented public servants to our universities and our health service.

Alex Neil: Will the member give way?

The Deputy Presiding Officer (Trish Godman): Mr Muldoon is in his last minute.

Bristow Muldoon: No wonder that, in the light of the sustained campaign of the Labour Party to expose that policy over the past six months, the SNP sounded the retreat at its conference. Nicola Sturgeon recognised the unpopularity of the policy and promised to cap the tax. In her speech, she did not go as far as mentioning a figure for the cap, but the SNP's spin doctors advised the press that it would be 3p in the pound. However, having checked the SNP's website today, I can say that the saltire paper has not been updated to say whether the figure of 4.3p in the pound still stands, and there is no mention of the figure of 3p in the pound. As the people of Scotland go to the polls this year, they will face a gamble: if the SNP gets into Government, they could end up paying 6.5p in the pound, which is the real cost of the SNP's policy, or they could pay 3p in the pound, along with public service cuts, or they could pay something in between. We really do not know. Unless the SNP is prepared to clarify the position, the people of Scotland will be able to presume that

the SNP does not even know how to add up its own sums.

The GERS report clearly shows what the union dividend means to Scotland. However, the people of Scotland understand that the real importance of the union dividend is the additional investment that we are able to put into our public services. If the SNP won power, all of that would be put at risk.

I have highlighted one area in which the SNP's sums do not add up—

The Deputy Presiding Officer: You should be finishing now, Mr Muldoon.

Bristow Muldoon: The decision that voters face this May is between continued investment in public services or a move towards a costly separation, divorce and cuts in our public services.

I support the motion in the name of the minister.

16:12

Fergus Ewing (Inverness East, Nairn and Lochaber) (SNP): Over the festive period, it struck me that the mood of the people of Scotland is one of curiosity and growing interest in the possibilities of the May elections. They wish to know what parties' plans are and what they will do. I thought that the most revealing aspect of this debate was that the Executive, which chose the ground of the debate, chose not to explain its plans, policies, hopes and programmes for the future; instead, it chose to engage in a shabby and, ultimately, arid and sterile exercise, with a blizzard of statistics flowing each way.

Members would expect me to say this, but I thought that Mr Swinney demolished the GERS case. He proved that the most significant items in the GERS analysis have to be treated with caution. To ignore that, as every speaker on the Executive benches has done, is not good enough. That is the sort of attitude that creates the impression of politicians that leads to the kind of opinion polls that have been reported today.

Ms Alexander: Will the member give way?

Fergus Ewing: Not just yet.

The Economist has stated:

"The SNP claims the Scottish Office figures are distorted. The party has a point",

and Alf Young—not a noted nationalist—said:

"Nationalists have a point when they allege the whole GERS exercise was designed to engender fear".

For my part, I have always believed that Scotland and England are about as wealthy as each other. From year to year, their relative strengths will, of course, change as the tide comes in and out. However, it is clear that, in comparison

with hundreds of countries in the world, Scotland has riches beyond imagining. I do not want to have a debate in which we compare Scotland interminably with England and during which the members on the Executive benches grimly maintain the position that Scotland is too poor for independence. Instead, I want to compare Scotland with other medium-sized countries in the world and ask how we can be as successful as they are.

I want to explain to the people of Scotland that we have plans—I thought that the First Minister would support them, because he said that education is his priority—to restore the criteria for obtaining a full tertiary education so that they are based not on ability to pay but on ability to learn. That is the basis on which members of the Cabinet got their education, and I would like it to come back.

Frankly, the argument about the figures does not stack up. If members read Nicola Sturgeon's letter in *The Herald* today, they will get all the answers that they need on that point.

On business rates, our policies could be criticised as too modest, but business rates as a form of tax are plainly outmoded in the case of smaller premises.

Ms Alexander: Will the member take an intervention?

Fergus Ewing: Because of the internet, many businesses do not operate from premises, so they do not pay tax for the occupation of premises. For that reason alone, we need to raise our game—to use a phrase that we no longer hear often. I happily give way to Wendy Alexander in the hope that that is what will now happen.

Ms Alexander: The member cited the SNP's plan to cut business rates for small businesses. He also talked about the SNP's plan to cut corporation tax and about its spending plans. Will he state how any of those commitments are to be funded out of current revenues?

Fergus Ewing: The £100 million for education and the more than £100 million for business rates are relatively modest sums when we consider the scale of the Scottish budget. If we were not wasting money on the PFI contracts that Mr Neil mentioned, on the uncontrolled operations of quangos and on the duplication of work throughout Scotland by, for example, Scottish Enterprise, it would be possible to help businesses directly in the way that we propose. If Wendy Alexander asks any small business in Scotland whether there is waste among the quangocracy, she and I know what the answer will be.

I want to raise the game a wee bit. Last week, it was reported in *The Times* of London that global

companies are shunning the UK. Kraft has decided to leave Britain and take 200 jobs to Zurich, following Procter & Gamble and Colgate-Palmolive. If the minister wants to listen to companies—new Labour generally does—he should listen to ICI, AstraZeneca or KPMG. He should listen to those who advise that London is pricing itself out of the international market. Kraft cited tax as one of the reasons for its move, the others being transport infrastructure and accommodation.

In that respect, Scotland has relative wealth, because we do not have to sit on the tube for four hours a day to get to and from work and, unlike in Dublin, it does not cost an arm and a leg to get a house here. We in the SNP would like to establish a high-speed rail link to London.

Mark Ballard: Will the member take an intervention?

Fergus Ewing: Unlike Bristow Muldoon, I happily give way to Mark Ballard.

Mark Ballard: Is the member aware that a high-speed rail link between Paris and Madrid is expected to be completed in 2009? That is an excellent example of cross-border co-operation that England and Scotland would do well to emulate.

Fergus Ewing: Spain and France can work together as well as Mr Ballard and I will be able to, I very much hope.

Gordon Brown appointed Rod Eddington, the former head of British Airways, to consider a high-speed rail link, but the sad truth is that, not surprisingly, he said that it should stop in the north of England. We are often accused of being separatists, but what could, in a concrete sense, separate the people of Scotland from England more than stopping the service that allows us to get to England? Who are the separatists now? It was Gordon Brown's man who ruled out the high-speed rail link that would be good for the environment—Mark Ballard and I agree on that—and good for the economy and the ever-closer links that the SNP wishes to forge with our good friends in England.

16:19

Iain Smith (North East Fife) (LD): Of course, the problem for Fergus Ewing is that his policy is to build a high-speed rail link as far as the border and hope that the English will pick up the other 90 per cent of the cost and build it the rest of the way.

I am pleased to contribute to what has been a fascinating debate on Scotland's fiscal position. It has been particularly interesting to see the SNP's economic and fiscal policy collapse around its ears. The problem for the SNP is that its sums just do not add up.

Alex Neil: Will the member take an intervention?

Iain Smith: Not this early on—I will take one later. I say to Fergus Ewing that I am afraid the only case that John Swinney demolished was his own.

The SNP's amendment starts by criticising the Scottish Executive for reducing local government's share of Executive spending, although it fails to mention that it is a smaller share of a considerably larger cake. The amendment also fails to say where the SNP would cut other sectors to increase local government's share. Would it be the health budget or the transport budget? I am happy to take an intervention.

Alex Neil: Can the member tell us where the money will come from to fund Nicol Stephen's proposal to reduce income tax in Scotland by 2p in the pound?

Iain Smith: I would hate to spoil the surprise. When the election comes, our manifesto will detail—

Mr Swinney: Demolished!

The Deputy Presiding Officer: Mr Swinney.

Iain Smith: Our manifesto will detail our policies, and the SNP will know what they are then. I want to know how the SNP is going to fund local government's increased share. Is it going to cut the health budget or the transport budget? Will anybody tell me? I will take an intervention. I thought not—there will be no intervention to tell us how the SNP will fund that. The SNP also fails to mention that its policy is to squeeze council budgets further by reintroducing the Tory policy of council tax capping, which is what its council tax freeze means.

I have looked with interest at the various budget papers that have been pouring out of the SNP over the past few months, and I am reminded of that famous sketch in which André Previn tells Eric Morecambe:

"You are not playing the right notes",

and Eric Morecambe replies:

"Look sunshine, I'm playing the right notes, just not necessarily in the right order."

The numbers are all there from the SNP, just not necessarily in the right order. *[Interruption]*.

The SNP's problem is that it is hung up on the question whether Scotland has a fiscal deficit or a fiscal surplus. It spends an inordinate amount of time trying to find new ways to define the numbers to make the sums different, but all that it actually shows is that arithmetic is not its strong point.

Let us take its "2006 pre-Budget Report Update", which was published in December. I am

not entirely clear where any of the figures in the report come from—the report does not say—but Stewart Hosie, the shadow Treasury minister, claims that it shows a Scottish domestic surplus of £610 million. However, it takes just a casual glance to see that the surplus is achieved by arbitrarily cutting Scotland's contribution to the defence budget from 8.5 per cent to 6 per cent—a cut of £740 million that more than wipes out the alleged surplus. Apparently, according to John Swinney, we need to be defended only where there is a defence base. If terrorists hijack a plane and take it over North Tayside, planes from RAF Leuchars will not take off until the terrorists reach North East Fife. That is complete and utter nonsense.

Of course, the SNP achieves the surplus only by using nearly the £10 billion of oil revenues that it claims would come to Scotland. Oil is an interesting question with the SNP, which shows a bit of schizophrenia over it. During the Moray by-election, Richard Lochhead said that

"The issue of high fuel prices has always mattered to the SNP",

and that

"Every time oil prices go up people in Moray pay through the nose".

However, Alex Salmond was rubbing his hands with glee as oil prices shot through the roof in the summer. On 7 August 2006, he said:

"In July the SNP published Scotland in Surplus, which detailed a £4.3 billion Scottish financial surplus compared to the UK for this financial year. That was based on a world oil price of \$65 a barrel, but since April the average has risen to \$70 a barrel. On the latest average oil price, Scotland's budget surplus becomes £5.3 billion".

He went on to say that those were 20-year record highs for oil revenues.

I have watched the SNP website carefully to see whether there have been any pronouncements from Alex on the impact on Scotland's budget since oil fell to just \$60 a barrel or to today's price of less than \$55, but I have waited in vain.

The truth is that, in an independent Scotland, the SNP chancellor would have to wait anxiously every day to see the spot price of oil on the markets before a bank of telephone operators could phone every school to tell them how many teachers it could employ the next day and every hospital how many operations it could carry out. It is not an economically sustainable position for a country such as Scotland to have 20 per cent of its revenue linked to the price of one commodity.

Of course, the SNP is not content with that: it wants to spend the oil money twice. First, it will use it to wipe out the structural deficit in Scotland's budget and to pay the £10 billion to give Scotland its alleged surplus. Secondly, it wants to put the

very same money into an oil fund. It would leave in Scotland's budget an annual black hole of £10 billion to set up a fund that in 10 years, according to John Swinney's press release, would deliver £5.5 billion a year. That would still leave a gap of £4.5 billion to be funded by—what? With the SNP, who knows? *[Interruption]*.

That is the staggering incompetence of the SNP's financial team. It cannot add up, it spends the same money twice and it counts the same revenue twice. If today's debate has shown us anything, it is that the SNP can never be trusted to run Scotland.

The Deputy Presiding Officer: I remind members to switch off their mobile phones.

16:24

Dr Elaine Murray (Dumfries) (Lab): The debate has been interesting and lively at times. I was a little surprised by Mark Ballard's desire not to talk about the issue but to have a referendum. An election is coming up on 3 May. If the people of Scotland are desperate to have independence, they can elect the parties that believe in independence.

Mark Ballard: Is Dr Murray aware that large numbers of her party's supporters are in favour of independence and that large numbers of the SNP's supporters do not support independence? The only way to reach a decision on independence is through a referendum and not through a parliamentary election.

Dr Murray: I am not aware of the people in my party who believe in independence and I have never met an SNP supporter who does not believe in independence. Mark Ballard's comment is slightly strange.

The SNP rejects the figures in GERS, which were produced through independent research by professional statisticians and not by Tom McCabe and George Lyon—not that I am trying to imply anything about my esteemed colleagues.

Alex Neil rose—

Dr Murray: I am sorry; I have already taken one rather long intervention.

The methodology for GERS is being improved, because when the methodology has been poor, that has been reflected on.

The trouble is that the SNP does not like the story that GERS tells. I am certainly not arguing that GERS is totally accurate. I have often observed that economics is far from being an exact science—it often confuses me in many respects.

Alasdair Morgan: Will the member give way?

Dr Murray: No—I am sorry, but I have already taken a long intervention, as I said.

The general trend of the fiscal transfers is supported by other academic research. More is spent here than is raised through various forms of taxation, but not because Scotland is inefficient or because our economy is performing poorly. My colleagues Richard Baker and Andrew Arbuckle argued well that the economy is strong and that we have much to show for the eight years of devolution.

The fiscal transfer is a result of demography and geography. More than twice as many people live in the small geographical area of greater London than in the whole of Scotland. Wages there are higher, so tax receipts are higher and a higher proportion of people pay tax at the higher rate. A larger number of companies have their head offices in London.

Scotland's population is older, partly because Scotland is an attractive place to retire to. I lived and worked in the south of England for several years and I think that people would have to be mad to want to retire there rather than in Dumfries and Galloway, for example. Even an older person who has a good pension and has sold their house down south for a fantastic sum is unlikely to pay tax at the same rate as when they worked.

We can add to that the fact that sparsely populated areas require higher expenditure per head of population on services and facilities. Road mileage levels are 54 per cent higher in Scotland than in the UK as a whole and our population is four times more sparse.

Jim Mather: Will the member take an intervention?

Dr Murray: No—sorry.

As I said, we have an older population, so people are more likely to need medical services, for example. Unfortunately, we have traditionally had a poor health record. The Executive is doing much to tackle that, but we still have the legacy of a poor health record and we still have a higher rate of benefits claims. Given that, it is hardly surprising that expenditure in Scotland is proportionally higher than that in the UK as a whole and in the south of England, to the tune of £11.2 billion according to the estimates.

I will be fair to John Swinney and the SNP and will consider some of the SNP's suggestions. Even if 100 per cent of oil revenues were attributed to Scotland and even if we accepted the arguments of Jim and Margaret Cuthbert—to which John Swinney referred—that £440 million of identifiable expenditure in Scotland is double counted in GERS, the fiscal transfer to Scotland would still be about £5.56 billion. Even if we included John

Swinney's alternative £400 million, that would bring the transfer down to just over £5 billion. That is before we consider the matters that Wendy Alexander described, such as the spending commitments that the SNP is making, which would add another £5 billion. The figure still would not really go below £10 billion. We could also include what my colleague Bristow Muldoon talked about—the cost of separation and of establishing all the additional departments. At the point of independence—nobody is saying that the GERS report tells us anything about life in an independent Scotland—that transfer of funds into Scotland from south of the border would have to be catered for.

Alex Neil: Will the member give way?

Dr Murray: I am sorry, but I am in my last minute.

An independent country could negotiate a borrowing requirement—that is true. At the moment, the UK Government borrows about £44 billion, or 4 per cent of its GDP. However, Alex Salmond would have to negotiate a borrowing requirement for Scotland of around 13 per cent of Scotland's GDP in order to cover the debt.

There are those in the Tory ranks who advocate fiscal autonomy. I have not heard from them today, but some, from time to time, have talked about fiscal autonomy in a devolved Scotland and about Scotland spending only what it generates. They would not have the option of a borrowing requirement—they would have to make cuts to raise the £11.2 billion.

I am sure that the policies of the fiscal autonomists in both the Tory party and the SNP would be popular with our friends and relatives in England, as they would have an additional £11 billion to spend on their services. In fact, if fiscal autonomy was taken further and applied to the regions within the UK, I am sure that Ken Livingstone and his colleagues in London and the south-east of England would be extremely happy.

16:31

Mr David Davidson (North East Scotland)

(Con): I would like to correct the calculations that Elaine Murray made at the end of her speech, as she was in the mood to correct the calculations of others. I presume that if the flows from the UK Treasury were suddenly cut off, an independent Scotland would get to keep the taxes that it raised. Therefore, it was not very clever of her to finish on those figures.

The debate has been full of hysteria, odd glimpses of humour and loads of statistics that have gone back and forth like a ping-pong ball, with no clear winners on clarity except on the

occasional point. I agreed with some, but not all, of what Tom McCabe said when he talked about how we have gained strength from being part of the union. The new concept of the union dividend is being bandied about. England is our biggest trading neighbour and, as a unionist, I understand only too well what goes on in England—I worked there for a while—and how the English regions have arguments with London. If they can survive and benefit within the union, we can as well. However, could we survive the costs of SNP policy? There is an interdependence.

We heard a list of spending from Tom McCabe, which Bill Aitken called “a litany”. I point out to Mr McCabe that, despite all those fine statistics, Aberdeenshire Council, Aberdeen City Council and Moray Council have today had to agree to cut the funding for the Grampian police budget by £2.5 million. Is that an indication of the wonderful support that that region of Scotland can expect from the Executive? I do not think that it is. The police have managed to fund new recruits, but they need accommodation for them. Apparently, Aberdeenshire Council has today said that the police can rent a part of the council’s premises for an extra £200,000 a year. I am sure that that is not what Tom McCabe was talking about at the beginning of the debate, when he said that money was flowing and that everything was happening out there in the public domain. That is not true. Aberdeen City Council now has a £20 million recurring deficit in its revenue flows for social services. Is that what the minister was talking to us about earlier?

Aberdeenshire Council spends more on school transport than it gets for that through the local government settlement, and there is a shortage of teachers—especially specialist teachers—across the north of Scotland, which is depriving some of our children of educational choice and quality. Is the McCrone settlement working properly? In addition, Mr McCabe did not mention what he is doing about waste and he did not talk about the efficiency gains that he hammered on about last year. We have heard nothing about those today.

Jeremy Purvis: The member is calling for a larger public sector and more public spending yet, only 18 months ago, Mr Murdo Fraser was calling for a cut in the size of the public sector.

Mr Davidson: I am not calling for anything other than clarity and honesty from Mr McCabe. He tells us that everything is wonderful out there, but it is not. He is loading the burden on to local taxpayers through their council tax.

Mike Rumbles (West Aberdeenshire and Kincardine) (LD): Will the member take an intervention on that point?

Mr Davidson: Not at the moment.

If we consider all the issues that I mentioned, we can see that there is a slight contrast with what Mr McCabe was saying.

Mr Swinney said that GERS is out of date, that there is a £500 million error here and lots of other errors there and that there are caveats and warnings attached to it. We would all agree with that; I think that the minister himself agreed with that—

Mr Swinney: That did not come out of what the minister said.

Mr Davidson: The minister’s colleagues have said that it is not the most accurate of documents, although its general thrust seems to be quite reasonable.

Three members mentioned lack of clarity. The Howat report would have provided that, and could have saved a lot of time this afternoon by solving some of the arguments that have gone back and forth. If we had that clarity, we would know whether there was any real efficiency and where some of the waste was coming from. Derek Brownlee, Bill Aitken and John Swinney all argued that the Howat report should be in the public domain.

I have no idea why this debate is taking place today when the Finance Committee will be reviewing the GERS document next week. Surely it would be better to have the Finance Committee report to the chamber so that the chamber could then debate the issue than to have the minister trying to pre-empt the committee’s review by leaning on members in advance in the chamber. I just do not understand the procedures that have been followed.

A number of comments have been made around the chamber this afternoon. As always, I love to see Fergus Ewing and Mark Ballard having a cuddle and telling each other what wonderful friends they are. However, I agree that it is strange that the Green party does not want to talk budgets or anything like that when an election is coming up.

Jim Mather started off by attacking targets and proceeded to list a series of targets such as improving health care. Before I leave the subject of Mr Ballard, I must give him credit for talking about soft services, which are currently being squeezed as a result of Executive policies.

It is not as Mr Purvis thinks—we are not asking for more money; we are just asking for the more effective and efficient use and fairer distribution of the money. If Mr McCabe is arguing for democracy in local government when he argues that the proposed SNP local income tax is anti-democratic, what will his and Mr Lyon’s parties—I gather that they are splitting up nicely now that we are in

January of an election year—say about how to restore democracy and allow local decision making?

Tommy Sheridan: Does Mr Davidson agree that, to encourage local democracy, councils should also be allowed to set the rates for the business community?

Mr Davidson: The only tax that the Executive has wielded has been its attack on business through the business rate which, for the past few years, has made us uncompetitive with our English neighbours. The answer lies with the Executive because it is a centrally driven tax. I do not want there to be 32 different versions of the business rate, with businesses scrambling around to move to somewhere with a lower rate, although many businesses could not move.

All will be revealed when we see the manifestos. The public do not want to listen to this kind of debate; they want to know where their services are coming from and what they will have to pay for them.

16:38

Alasdair Morgan (South of Scotland) (SNP): I will address some of the points that have been raised in the debate. Tom McCabe told us how grateful we should be for the macroeconomic stability of the United Kingdom and therefore Scotland. When we are flatlining at one of the lower growth rates in the industrialised world, we have to ask whether that is the kind of stability that we want. The minister could not answer the question about why, in a country that is doing so well, our income tax is falling as a percentage of the UK take. Are we doing worse than the rest of the UK?

Jeremy Purvis: It is not falling.

Alasdair Morgan: It is. Since Mr Lang came up with the GERS figures, the take has fallen significantly, by 0.5 per cent.

Iain Smith: As Mr Purvis pointed out earlier, table 6.8 on page 34 of the GERS document shows Scotland's share of UK income tax as rising from 6.9 per cent in 2000-01 to 7.3 per cent in 2004-05. I know that SNP members do not understand sums and maths, but surely even they can recognise that Scotland's share of UK income tax receipts has increased.

Alasdair Morgan: That point has been made already. However, in 1996-97, Scotland's share of UK income tax receipts was 8 per cent. Therefore, Scotland's share of those receipts has decreased by 0.7 per cent since the Government came to power.

Apparently, the volatility of oil prices would be an insurmountable problem for any Scottish

Government. Are we meant to ignore the fact that we have oil revenues? How on earth do the Norwegians cope? How do all the other countries in which oil resources form a significant part of their economy cope? For that matter, how does Gordon Brown cope, given that oil revenues represent a not insignificant part of the UK budget? For Scotland alone, apparently, oil price volatility would be an insurmountable problem.

Jeremy Purvis *rose*—

Ms Alexander *rose*—

Bristow Muldoon *rose*—

Alasdair Morgan: I will not give way, as I must make some progress.

I am glad that John Swinney reminded me about Ian Lang. As he pointed out, for the Tories of the day, GERS was meant to deliver a knock-out blow to all their opponents in Scotland. That did not work for the Tories then and I caution that it will not work for Labour members this time either.

John Swinney also pointed out some of the many flaws in the GERS document. Clearly, when Government statisticians state that the figures that they have been instructed to produce

“should be treated with caution”

or

“should be treated with extra caution”,

we are reading civil servant-speak for “You do what you want with this document but, personally, I wouldn't touch it with a bargepole.”

In response to Derek Brownlee's points on corporation tax, let me state that we are not arguing that every company that is headquartered in Scotland would pay its full share of corporation tax in Scotland. However, given that the profits of the top 500 companies in Scotland amount to £23.5 billion, our share of UK corporation tax—not taking into account the tax that any other companies might pay—will be more than £2.4 billion.

Derek Brownlee: Even on those figures, if those companies generate only a third of their profits in Scotland and two thirds in the rest of the UK or overseas, £2.4 billion would be the correct figure. Therefore, the SNP's criticism of the £2.4 billion figure is open to challenge.

Alasdair Morgan: The figure should be much higher. That much is clear.

Wendy Alexander accused us of dishonesty. Referring to our 1999 promise—which was not that we would increase tax by 1p but that we would not implement Gordon Brown's proposed tax cut—she said that at least that was honest. However, she did not mention that, after Tony

Blair won the election two years later, Gordon Brown put up tax by 1p to pay for an increase in health service expenditure despite the fact that, during the election, he had been unable to foresee, or at least inform the electorate about, any such tax rise.

Ms Alexander: Will the member give way?

Alasdair Morgan: I am sorry, but I must make some progress.

Andrew Arbuckle and Elaine Murray stated that GERS contains an acceptable margin of error. Well, it certainly contains errors, but most scientific documents containing measurements and calculations that use those measurements will state what the margin of error is reckoned to be. GERS does not do that. As Dr John Rigg of the then Scottish Office said,

"Caution should be applied in the interpretation of the ... deficit. This is the difference between two large numbers, both of which are estimates and subject to large margins of error".

In other words, one can work out what the difference between the figures is, but one should not really do anything with it.

Jeremy Purvis: Will the member give way?

Alasdair Morgan: I will not, as I have given way a couple of times already.

On local income tax, Bristow Muldoon told us that Scotland is not, apparently, entitled to get the £500 million council tax benefit that it is currently paid, so we should not take that into our calculations. He never said why that might be the case. Our taxpayers pay the money for that benefit in the same way that other taxpayers do. However, when the same calculations are done to work out what the rate of local income tax might be in England, council tax benefit is included within the assumptions.

Bristow Muldoon: Why on earth does the member believe that we should take money from the benefit system, which is used to increase the disposable incomes of the poorest households in the country, to alleviate the tax burden on middle-income and high-income taxpayers?

Alasdair Morgan: If money from the benefit system can be used to mitigate the effects of one kind of local tax, frankly, I do not see why it cannot be used for every kind of local tax.

Fergus Ewing made a very—indeed, for him, exceptionally—statesmanlike speech. He is obviously preparing for ministerial office. I was interested to hear that Kraft is going to Switzerland. Is it not strange that a multinational company should go to a small country that is surrounded by mountains and has no sea connections? One wonders why that small independent country has managed to do so well.

The Presiding Officer has indicated that I have more time, which is excellent. From what we have heard in this debate, it is clear that the Government has chosen to concentrate on GERS. Today, we have highlighted many of the flaws of GERS. As John Swinney pointed out, in GERS the Scottish budget is not only rightly landed with its own expenditure on prisons, tourism and courts but also gets a pro rata share of expenditure on English prisons, English tourism, part of the English court service and some grants to the English regional development agencies. We know from listening to the First Minister before Christmas that part of the union dividend is being able to send our nuclear waste to England, although I do not think that he has yet told MPs for the north of England about that. However, I did not realise that another part of the union dividend was that we had to bear the cost of English prisons. I suppose that that is what is called on television restoring "the clever-dumb balance".

As Fergus Ewing pointed out, part of the survey of expenditure of the Scottish share of VAT involved children aged seven to 15—it does not stop at age 12—keeping a simplified diary for two weeks. There we have it—little did those innocent young diarists know that their jottings would become part of Labour's constitutional argument. All that I can say is, "Come back Adrian Mole, all is forgiven."

GERS is a discredited document—an attempt by a desperate Administration to use an implausible set of statistics to defend the indefensible. Even if we accept GERS—and who would do that after listening to John Swinney's demolition of the document—we can conclude only that Scotland's economy has been ill served by being in the United Kingdom. Above all, an out-of-date, inaccurate, discredited document, describing life under a moribund Labour Administration, tells us nothing about the prosperous future that would be available to a confident, outgoing, independent Scotland.

16:47

The Deputy Minister for Finance, Public Service Reform and Parliamentary Business (George Lyon): The only document that is as discredited and moribund as Mr Morgan described is the document by Mr Stewart Hosie that I am holding up. Professor Arthur Midwinter certainly concludes that that is the case.

The debate has focused on the Executive's track record of improving Scotland's public services and on the SNP's spending plans. Over the past seven years, this Liberal-Labour coalition has committed sustained investment to our public services. Two hundred schools are being built or refurbished. More than 3,000 extra teachers have been

employed. Record investment is being made in opening up new rail routes and in Scotland's transport infrastructure. New hospitals are being built. Waiting times in the health service are at a record low and nearly 4,000 extra nurses and 420 extra consultants have been employed. Free eye and dental checks for all have been provided and 1,100 extra police are on the beat. That is a solid track record of sustained investment, prudent financial management and improvement to our public services.

Alex Neil: Which one of the programmes that the minister has listed will be cut to fund Nicol Stephen's proposal to reduce income tax in Scotland by 2p in the pound?

George Lyon: The only proposal that Nicol Stephen has made is to cut business rates in Scotland. We argued vociferously for that to happen before Christmas but, unfortunately, we did not win the argument. We pledge to do it post-May 2007, if we are involved in the Administration.

We in the coalition Government remain firmly committed to building on our successful track record. As my colleague Mr McCabe said, our priorities are the Scottish people's priorities.

Jim Mather: Will the minister take an intervention?

George Lyon: Let us contrast our track record with the main Opposition party's spending plans, which have been debated at length today. The nationalists wish to be taken seriously as an alternative Government in waiting, but their spending and fiscal plans are fundamentally flawed; their sums just do not add up. Indeed, as they have tried to do again in the chamber today, they would have us believe that they can spend more and tax less than the coalition Executive and still make the sums add up. I am sorry, but that is not a credible financial position to take and the people of Scotland will not believe in it.

Jim Mather: Will the minister give way?

George Lyon: Certainly. Perhaps Mr Mather will tell the chamber whether the SNP's document is a forecast or a comparison with 2004-05, as he seemed to indicate in his speech.

Jim Mather: I thank the minister for belatedly taking an intervention. The minister wants the chamber to find his Lib-Lab Executive's priorities credible. However, against its top priority of economic growth, the Executive has delivered a 15 per cent increase in revenues over the entire period. Over the same period, the Irish Government has delivered an increase of 40 per cent; in Norway, the increase has been 42 per cent and, in New Zealand, 57 per cent. How can the Executive's position be credible?

George Lyon: Since Nicol Stephen became the Minister for Enterprise and Lifelong Learning, I am

happy that we have seen sustained improvement in our economic growth over the past eight quarters.

The SNP's spending plans have come in for the most scrutiny over the course of the debate. As he has done in the chamber on many occasions, Jim Mather restated that the SNP will cut corporation tax to the Irish level of 12.5 per cent. In her contribution, Wendy Alexander rightly pointed out that that would cost £1.4 billion each year.

The SNP has also promised to cut business rates for small businesses, which would cost £150 million a year. Nicola Sturgeon announced that the SNP will spend £1 billion on capping local income tax to ensure that no pain is passed on to local taxpayers. On top of that, we have the £1.7 billion that it has committed to pay off student loans and replace them with grants. On 10 March 2005, Adam Ingram committed the SNP to a £680 million increase in child care support. In January 2005, the SNP announced a citizens pension, which will cost Scotland £1 billion a year. There are many more examples that I could quote, including the A76 and A77, which Mr Neil wishes to dual at a total cost of £1 billion.

Those are some of the SNP's spending commitments, to which the cost of its planned tax cuts have to be added. The starting point for the nationalists' budget in an independent Scotland is an £11 billion recurring budget deficit. Even if its figure of 95 per cent of oil revenues were to be added in, the SNP would still have a £6 billion deficit.

Mr Swinney: Does the minister accept that, in making statements of that type about £11 billion fiscal deficits, he also has to give due respect to the work of his independent statisticians? They said that any statement on those points must be made with caution. Does he further accept that there are fundamental errors in the GERS document? I cited them in the debate, but not a single member of the Government team has rebutted any of the arguments that I put forward about the deficiencies in the GERS document.

George Lyon: There is an acknowledgement in the paper that there needs to be some caution around those figures. However, the figures are the best available to independent statisticians. By way of comparison, the independent experts, including Mr Midwinter, have described the SNP document—which purports to be an alternative forecast—as flawed. Indeed, the SNP has been unable to explain why, between July and December, £750 million of defence expenditure miraculously vanished off the balance sheet.

Mr Swinney: I answered the question.

George Lyon: I am sorry, but Mr Swinney did not. He accepted the original proposition. People

will come to the conclusion that the SNP's position suddenly changed in December because it had to fill the gap that was created by the decrease in oil prices. That was the only reason for the change of approach.

The question that has been posed during the debate is not only how the nationalists can close the financial gap but how they can pay for their spending commitments while paying for the cuts in taxation to which they seem to be committing themselves. Maybe Angus Robertson gave the game away when he said, "I don't think that the tax burden in Scotland needs to be raised significantly." Maybe he thought that it should be raised to the Norwegian rate of 48 per cent. Of course, Mr Salmond quickly slapped him down when he claimed that there would be no tax rises in Scotland. The hard questions have still got to be answered. In today's debate we have waited in vain for some of the answers from an SNP speaker.

Fergus Ewing: In the interests of candour, will Mr Lyon state whether he, as a Lib Dem MSP, believes that Scotland should receive no share of the council tax benefit if the Lib Dems were to fund their local income tax plans?

George Lyon: Clearly, we would argue that Scotland should receive a share of council tax benefit. Indeed, we did so in our paper that went to the independent Burt committee.

It is clear that the SNP's sums simply do not add up. We can see that if we examine the Hosie paper, "Scotland in Surplus—Past, Present and Future", which has now been recycled three times in the past year to try to demonstrate how the SNP would close the gap and make its sums add up. It claims to achieve a surplus by unashamedly fiddling the figures. It claims 95 per cent of oil revenues, which is an heroic assumption, and changes the formula by which Scotland is allocated income tax credits, corporation tax, North sea oil revenues, petroleum revenues, stamp duty, VAT and fuel duty. Between July and December, the SNP went on to cut from its calculations defence expenditure allocated to Scotland of £700 million, in a desperate attempt to make the figures add up. The SNP certainly does not make the figures add up. Its calculations demonstrate the folly of planned expenditure based on a volatile oil price. Indeed, Mr Mather did not seem to understand that the document was a forecast for this year, not based on 2004 figures or directly comparable to the GERS document.

The track record of the Liberal Democrat-Labour coalition is one of continued investment and improvement in our local services. There are new schools and hospitals, more doctors, nurses and teachers, and prudent financial control. We remain committed to improving further on that track

record. Let us contrast that with the SNP's shambolic financial plans, with billions of pounds of extra spending commitments and billions of pounds of promises of cuts in taxation. There is a recurrent structural financial black hole at the heart of the SNP's budget for an independent Scotland, and no amount of sleight of hand will plug that gap.

Each and every day, we will continue to challenge the nationalists on the financial credibility of their plans. How are the extra spending commitments to be funded? How are the tax cuts to be paid for? How is the financial black hole to be filled? What fiscal policy is the SNP planning for an independent Scotland? SNP members may run, but they cannot hide from those questions.

The Presiding Officer (Mr George Reid): As there may be a quick vote, I suspend the meeting until 5 o'clock.

16:58

Meeting suspended.

17:00

On resuming—

Business Motions

The Presiding Officer (Mr George Reid): The next item of business is consideration of business motion S2M-5388, in the name of Margaret Curran, on behalf of the Parliamentary Bureau, setting out a business programme.

Motion moved,

That the Parliament agrees the following programme of business—

Wednesday 17 January 2007

2.00 pm Time for Reflection

followed by Parliamentary Bureau Motions

followed by Stage 1 Debate: Protection of Vulnerable Groups (Scotland) Bill

followed by Financial Resolution: Protection of Vulnerable Groups (Scotland) Bill

followed by Stage 1 Debate: Prostitution (Public Places) (Scotland) Bill

followed by Legislative Consent Motion: Consumers, Estates Agents and Redress Bill – UK Legislation

followed by Legislative Consent Motion: Further Education Bill – UK Legislation

followed by Business Motion

followed by Parliamentary Bureau Motions

6.00 pm Decision Time

followed by Members' Business

Thursday 18 January 2007

9.15 am Parliamentary Bureau Motions

followed by Stage 3 Proceedings: Criminal Proceedings etc. (Reform) (Scotland) Bill

11.40 am General Question Time

12 noon First Minister's Question Time

2.15 pm Themed Question Time—

Justice and Law Officers;

Enterprise, Transport and Lifelong Learning

2.55 pm Conclusion of Stage 3 Proceedings: Criminal Proceedings etc. (Reform) (Scotland) Bill

followed by Parliamentary Bureau Motions

5.00 pm Decision Time

followed by Members' Business

Wednesday 24 January 2007

2.30 pm Time for Reflection

followed by Parliamentary Bureau Motions

followed by

Stage 1 Debate: Schools (Health Promotion and Nutrition) (Scotland) Bill

followed by

Financial Resolution: Schools (Health Promotion and Nutrition) (Scotland) Bill

followed by

Business Motion

followed by

Parliamentary Bureau Motions

5.00 pm

Decision Time

followed by

Members' Business

Thursday 25 January 2007

9.15 am

Parliamentary Bureau Motions

followed by

Stage 3 Proceedings: Crofting Reform etc. Bill

11.40 am

General Question Time

12 noon

First Minister's Question Time

2.15 pm

Themed Question Time—

Finance and Public Service and Communities;

Education and Young People, Tourism, Culture and Sport

2.55 pm

Conclusion of Stage 3 Proceedings: Crofting Reform etc. Bill

followed by

Stage 1 Debate: Budget (Scotland) (No.4) Bill

followed by

Parliamentary Bureau Motions

5.00 pm

Decision Time

followed by

Members' Business. [George Lyon.]

17:00

Donald Gorrie (Central Scotland) (LD): I want to speak against motion S2M-5388. It is a mistake to try to squeeze into one afternoon—even an extended afternoon—two such controversial stage 1 debates as are proposed for Wednesday 17 January. The two debates are on the Protection of Vulnerable Groups (Scotland) Bill and the Prostitution (Public Places) (Scotland) Bill.

The report by the Education Committee on the Protection of Vulnerable Groups (Scotland) Bill expresses a number of serious concerns. Those concerns will have to be properly debated so that members can form a view as to whether sufficient assurances have been given by ministers; people have to know whether they can support the principles of the bill or not. There is also a lot of interest in the bill among people in the outside world—voluntary organisations in particular.

The Prostitution (Public Places) (Scotland) Bill is also controversial, both in and outwith Parliament. I am sure that a large number of members will wish to speak in the debate on that bill.

I know that attendance at debates is sometimes disappointing, but those two debates will attract a

lot of interest and it is a mistake to try to squeeze them in. I therefore recommend that the Parliamentary Bureau rejig its timetable in the next week or two so that we can find enough time to have a proper whole-afternoon stage 1 debate on each of these important bills.

I accept that the Executive wishes to put through a lot of legislation before the election, but we are here to scrutinise that legislation adequately: the proposal in business motion S2M-5388 will not allow us to do that. This should be the start of there being more careful scrutiny of Executive bills by Parliament. I urge members to vote against the business motion.

17:02

The Deputy Minister for Finance, Public Service Reform and Parliamentary Business (George Lyon): The proposals in the business motion were agreed unanimously by the Parliamentary Bureau, and extra time has been made available on 17 January—decision time will be put back to 6 o'clock. If, on the day, there is demand for the debates to be further extended, business managers will certainly be willing to accommodate a request from the Presiding Officer. However, because the proposals received unanimous support from the Parliamentary Bureau, I ask Parliament to support the business motion.

The Presiding Officer: The question is, that motion S2M-5388, in the name of Margaret Curran, be agreed to. Are we agreed?

Members: No.

The Presiding Officer: There will be a division.

FOR

Aitken, Bill (Glasgow) (Con)
 Alexander, Ms Wendy (Paisley North) (Lab)
 Arbuckle, Mr Andrew (Mid Scotland and Fife) (LD)
 Baillie, Jackie (Dumbarton) (Lab)
 Baker, Richard (North East Scotland) (Lab)
 Barrie, Scott (Dunfermline West) (Lab)
 Boyack, Sarah (Edinburgh Central) (Lab)
 Brankin, Rhona (Midlothian) (Lab)
 Brown, Robert (Glasgow) (LD)
 Brownlee, Derek (South of Scotland) (Con)
 Butler, Bill (Glasgow Anniesland) (Lab)
 Chisholm, Malcolm (Edinburgh North and Leith) (Lab)
 Craigie, Cathie (Cumbernauld and Kilsyth) (Lab)
 Crawford, Bruce (Mid Scotland and Fife) (SNP)
 Cunningham, Roseanna (Perth) (SNP)
 Davidson, Mr David (North East Scotland) (Con)
 Douglas-Hamilton, Lord James (Lothians) (Con)
 Eadie, Helen (Dunfermline East) (Lab)
 Ewing, Fergus (Inverness East, Nairn and Lochaber) (SNP)
 Fabiani, Linda (Central Scotland) (SNP)
 Ferguson, Patricia (Glasgow Maryhill) (Lab)
 Fergusson, Alex (Galloway and Upper Nithsdale) (Con)
 Finnie, Ross (West of Scotland) (LD)
 Gallie, Phil (South of Scotland) (Con)
 Gibson, Rob (Highlands and Islands) (SNP)
 Gillon, Karen (Clydesdale) (Lab)

Glen, Marlyn (North East Scotland) (Lab)
 Godman, Trish (West Renfrewshire) (Lab)
 Goldie, Miss Annabel (West of Scotland) (Con)
 Gordon, Mr Charlie (Glasgow Cathcart) (Lab)
 Grahame, Christine (South of Scotland) (SNP)
 Henry, Hugh (Paisley South) (Lab)
 Home Robertson, John (East Lothian) (Lab)
 Hughes, Janis (Glasgow Rutherglen) (Lab)
 Hyslop, Fiona (Lothians) (SNP)
 Ingram, Mr Adam (South of Scotland) (SNP)
 Jackson, Dr Sylvia (Stirling) (Lab)
 Jackson, Gordon (Glasgow Govan) (Lab)
 Jamieson, Cathy (Carrick, Cumnock and Doon Valley) (Lab)
 Jamieson, Margaret (Kilmarnock and Loudoun) (Lab)
 Johnstone, Alex (North East Scotland) (Con)
 Kerr, Mr Andy (East Kilbride) (Lab)
 Lamont, Johann (Glasgow Pollok) (Lab)
 Lochhead, Richard (Moray) (SNP)
 Lyon, George (Argyll and Bute) (LD)
 MacAskill, Mr Kenny (Lothians) (SNP)
 Macdonald, Lewis (Aberdeen Central) (Lab)
 Macintosh, Mr Kenneth (Eastwood) (Lab)
 Maclean, Kate (Dundee West) (Lab)
 Macmillan, Maureen (Highlands and Islands) (Lab)
 Martin, Paul (Glasgow Springburn) (Lab)
 Marwick, Tricia (Mid Scotland and Fife) (SNP)
 Mather, Jim (Highlands and Islands) (SNP)
 Matheson, Michael (Central Scotland) (SNP)
 Maxwell, Mr Stewart (West of Scotland) (SNP)
 May, Christine (Central Fife) (Lab)
 McAveety, Mr Frank (Glasgow Shettleston) (Lab)
 McCabe, Mr Tom (Hamilton South) (Lab)
 McConnell, Mr Jack (Motherwell and Wishaw) (Lab)
 McFee, Mr Bruce (West of Scotland) (SNP)
 McGrigor, Mr Jamie (Highlands and Islands) (Con)
 McLetchie, David (Edinburgh Pentlands) (Con)
 McMahan, Michael (Hamilton North and Bellshill) (Lab)
 McNeil, Mr Duncan (Greenock and Inverclyde) (Lab)
 McNeill, Pauline (Glasgow Kelvin) (Lab)
 McNulty, Des (Clydebank and Milngavie) (Lab)
 Milne, Mrs Nanette (North East Scotland) (Con)
 Morgan, Alasdair (South of Scotland) (SNP)
 Morrison, Mr Alasdair (Western Isles) (Lab)
 Muldoon, Bristow (Livingston) (Lab)
 Mulligan, Mrs Mary (Linlithgow) (Lab)
 Murray, Dr Elaine (Dumfries) (Lab)
 Neil, Alex (Central Scotland) (SNP)
 Oldfather, Irene (Cunninghame South) (Lab)
 Peacock, Peter (Highlands and Islands) (Lab)
 Peattie, Cathy (Falkirk East) (Lab)
 Petrie, Dave (Highlands and Islands) (Con)
 Purvis, Jeremy (Tweeddale, Ettrick and Lauderdale) (LD)
 Radcliffe, Nora (Gordon) (LD)
 Robison, Shona (Dundee East) (SNP)
 Robson, Euan (Roxburgh and Berwickshire) (LD)
 Rumbles, Mike (West Aberdeenshire and Kincardine) (LD)
 Scott, John (Ayr) (Con)
 Scott, Tavish (Shetland) (LD)
 Smith, Elaine (Coatbridge and Chryston) (Lab)
 Smith, Iain (North East Fife) (LD)
 Smith, Margaret (Edinburgh West) (LD)
 Stephen, Nicol (Aberdeen South) (LD)
 Stevenson, Stewart (Banff and Buchan) (SNP)
 Stone, Mr Jamie (Caithness, Sutherland and Easter Ross) (LD)
 Sturgeon, Nicola (Glasgow) (SNP)
 Swinney, Mr John (North Tayside) (SNP)
 Tosh, Murray (West of Scotland) (Con)
 Wallace, Mr Jim (Orkney) (LD)
 Watt, Ms Maureen (North East Scotland) (SNP)
 Welsh, Mr Andrew (Angus) (SNP)

Whitefield, Karen (Airdrie and Shotts) (Lab)
 Wilson, Allan (Cunninghame North) (Lab)

AGAINST

Baird, Shiona (North East Scotland) (Green)
 Ballance, Chris (South of Scotland) (Green)
 Ballard, Mark (Lothians) (Green)
 Byrne, Ms Rosemary (South of Scotland) (Sol)
 Curran, Frances (West of Scotland) (SSP)
 Fox, Colin (Lothians) (SSP)
 Gorrie, Donald (Central Scotland) (LD)
 Harper, Robin (Lothians) (Green)
 Harvie, Patrick (Glasgow) (Green)
 Leckie, Carolyn (Central Scotland) (SSP)
 Munro, John Farquhar (Ross, Skye and Inverness West) (LD)
 Pringle, Mike (Edinburgh South) (LD)
 Ruskell, Mr Mark (Mid Scotland and Fife) (Green)
 Scott, Eleanor (Highlands and Islands) (Green)
 Sheridan, Tommy (Glasgow) (Sol)
 Turner, Dr Jean (Strathkelvin and Bearsden) (Ind)

ABSTENTIONS

MacDonald, Margo (Lothians) (Ind)

The Presiding Officer: The result of the division is: For 98, Against 16, Abstentions 1.

Business Motion agreed to.

The Presiding Officer: The next item of business is consideration of business motion S2M-5387, in the name of Margaret Curran, on behalf of the Parliamentary Bureau, setting out a timetable for legislation.

Motion moved,

That the Parliament agrees that consideration of the Aquaculture and Fisheries (Scotland) Bill at Stage 2 be completed by 16 February 2007.—[George Lyon.]

Motion agreed to.

Parliamentary Bureau Motions

17:04

The Presiding Officer (Mr George Reid): The next item of business is consideration of four Parliamentary Bureau motions. Motion S2M-5381 is on rule 9.6.3A, motion S2M-5382 is on the referral of a Scottish statutory instrument and motions S2M-5383 and S2M-5384 are on substitution on committees.

Motions moved,

That the Parliament agrees under Rule 9.6.3A that the Parliament shall consider the general principles of the Custodial Sentences and Weapons (Scotland) Bill on the fourth sitting day after the publication of the lead committee report.

That the Parliament agrees that the Subordinate Legislation Committee should report on the draft Scottish Parliament (Disqualification) Order 2007 and that the Order should be considered by the Parliament.

That the Parliament agrees that Ms Rosemary Byrne be appointed as the Solidarity Group substitute on the Local Government and Transport Committee.

That the Parliament agrees that Tommy Sheridan be appointed as the Solidarity Group substitute on the Education Committee.—[George Lyon.]

The Presiding Officer: The questions on the motions will be put at decision time.

Decision Time

17:05

The Presiding Officer (Mr George Reid):

There are six questions to be put as a result of today's business. The first question is, that amendment S2M-5378.2, in the name of John Swinney, which seeks to amend motion S2M-5378, in the name of Tom McCabe, on public service investment, be agreed to. Are we agreed?

Members: No.

The Presiding Officer: There will be a division.

FOR

Baird, Shiona (North East Scotland) (Green)
 Ballance, Chris (South of Scotland) (Green)
 Ballard, Mark (Lothians) (Green)
 Crawford, Bruce (Mid Scotland and Fife) (SNP)
 Cunningham, Roseanna (Perth) (SNP)
 Ewing, Fergus (Inverness East, Nairn and Lochaber) (SNP)
 Fabiani, Linda (Central Scotland) (SNP)
 Gibson, Rob (Highlands and Islands) (SNP)
 Grahame, Christine (South of Scotland) (SNP)
 Harper, Robin (Lothians) (Green)
 Harvie, Patrick (Glasgow) (Green)
 Hyslop, Fiona (Lothians) (SNP)
 Ingram, Mr Adam (South of Scotland) (SNP)
 Lochhead, Richard (Moray) (SNP)
 MacAskill, Mr Kenny (Lothians) (SNP)
 MacDonald, Margo (Lothians) (Ind)
 Marwick, Tricia (Mid Scotland and Fife) (SNP)
 Mather, Jim (Highlands and Islands) (SNP)
 Matheson, Michael (Central Scotland) (SNP)
 Maxwell, Mr Stewart (West of Scotland) (SNP)
 McFee, Mr Bruce (West of Scotland) (SNP)
 Morgan, Alasdair (South of Scotland) (SNP)
 Neil, Alex (Central Scotland) (SNP)
 Robison, Shona (Dundee East) (SNP)
 Ruskell, Mr Mark (Mid Scotland and Fife) (Green)
 Scott, Eleanor (Highlands and Islands) (Green)
 Stevenson, Stewart (Banff and Buchan) (SNP)
 Sturgeon, Nicola (Glasgow) (SNP)
 Swinney, Mr John (North Tayside) (SNP)
 Turner, Dr Jean (Strathkelvin and Bearsden) (Ind)
 Watt, Ms Maureen (North East Scotland) (SNP)
 Welsh, Mr Andrew (Angus) (SNP)

AGAINST

Aitken, Bill (Glasgow) (Con)
 Alexander, Ms Wendy (Paisley North) (Lab)
 Arbuckle, Mr Andrew (Mid Scotland and Fife) (LD)
 Baillie, Jackie (Dumbarton) (Lab)
 Baker, Richard (North East Scotland) (Lab)
 Barrie, Scott (Dunfermline West) (Lab)
 Boyack, Sarah (Edinburgh Central) (Lab)
 Brankin, Rhona (Midlothian) (Lab)
 Brown, Robert (Glasgow) (LD)
 Brownlee, Derek (South of Scotland) (Con)
 Butler, Bill (Glasgow Anniesland) (Lab)
 Chisholm, Malcolm (Edinburgh North and Leith) (Lab)
 Craigie, Cathie (Cumbernauld and Kilsyth) (Lab)
 Davidson, Mr David (North East Scotland) (Con)
 Douglas-Hamilton, Lord James (Lothians) (Con)
 Eadie, Helen (Dunfermline East) (Lab)
 Ferguson, Patricia (Glasgow Maryhill) (Lab)
 Fergusson, Alex (Galloway and Upper Nithsdale) (Con)
 Finnie, Ross (West of Scotland) (LD)
 Gallie, Phil (South of Scotland) (Con)

Gillon, Karen (Clydesdale) (Lab)
 Glen, Marlyn (North East Scotland) (Lab)
 Godman, Trish (West Renfrewshire) (Lab)
 Goldie, Miss Annabel (West of Scotland) (Con)
 Gordon, Mr Charlie (Glasgow Cathcart) (Lab)
 Gorrie, Donald (Central Scotland) (LD)
 Henry, Hugh (Paisley South) (Lab)
 Home Robertson, John (East Lothian) (Lab)
 Hughes, Janis (Glasgow Rutherglen) (Lab)
 Jackson, Dr Sylvia (Stirling) (Lab)
 Jackson, Gordon (Glasgow Govan) (Lab)
 Jamieson, Cathy (Carrick, Cumnock and Doon Valley) (Lab)
 Jamieson, Margaret (Kilmarnock and Loudoun) (Lab)
 Johnstone, Alex (North East Scotland) (Con)
 Kerr, Mr Andy (East Kilbride) (Lab)
 Lamont, Johann (Glasgow Pollok) (Lab)
 Lyon, George (Argyll and Bute) (LD)
 Macdonald, Lewis (Aberdeen Central) (Lab)
 Macintosh, Mr Kenneth (Eastwood) (Lab)
 Maclean, Kate (Dundee West) (Lab)
 Macmillan, Maureen (Highlands and Islands) (Lab)
 Martin, Paul (Glasgow Springburn) (Lab)
 May, Christine (Central Fife) (Lab)
 McAveety, Mr Frank (Glasgow Shettleston) (Lab)
 McCabe, Mr Tom (Hamilton South) (Lab)
 McConnell, Mr Jack (Motherwell and Wishaw) (Lab)
 McGregor, Mr Jamie (Highlands and Islands) (Con)
 McLetchie, David (Edinburgh Pentlands) (Con)
 McMahan, Michael (Hamilton North and Bellshill) (Lab)
 McNeil, Mr Duncan (Greenock and Inverclyde) (Lab)
 McNeill, Pauline (Glasgow Kelvin) (Lab)
 McNulty, Des (Clydebank and Milngavie) (Lab)
 Milne, Mrs Nanette (North East Scotland) (Con)
 Morrison, Mr Alasdair (Western Isles) (Lab)
 Muldoon, Bristow (Livingston) (Lab)
 Mulligan, Mrs Mary (Linlithgow) (Lab)
 Munro, John Farquhar (Ross, Skye and Inverness West) (LD)
 Murray, Dr Elaine (Dumfries) (Lab)
 Oldfather, Irene (Cunninghame South) (Lab)
 Peacock, Peter (Highlands and Islands) (Lab)
 Peattie, Cathy (Falkirk East) (Lab)
 Petrie, Dave (Highlands and Islands) (Con)
 Pringle, Mike (Edinburgh South) (LD)
 Purvis, Jeremy (Tweeddale, Ettrick and Lauderdale) (LD)
 Radcliffe, Nora (Gordon) (LD)
 Robson, Euan (Roxburgh and Berwickshire) (LD)
 Rumbles, Mike (West Aberdeenshire and Kincardine) (LD)
 Scott, John (Ayr) (Con)
 Scott, Tavish (Shetland) (LD)
 Smith, Elaine (Coatbridge and Chryston) (Lab)
 Smith, Iain (North East Fife) (LD)
 Smith, Margaret (Edinburgh West) (LD)
 Stephen, Nicol (Aberdeen South) (LD)
 Stone, Mr Jamie (Caithness, Sutherland and Easter Ross) (LD)
 Tosh, Murray (West of Scotland) (Con)
 Wallace, Mr Jim (Orkney) (LD)
 Whitefield, Karen (Airdrie and Shotts) (Lab)
 Wilson, Allan (Cunninghame North) (Lab)

ABSTENTIONS

Byrne, Ms Rosemary (South of Scotland) (Sol)
 Curran, Frances (West of Scotland) (SSP)
 Fox, Colin (Lothians) (SSP)
 Leckie, Carolyn (Central Scotland) (SSP)
 Sheridan, Tommy (Glasgow) (Sol)

The Presiding Officer: The result of the division is: For 32, Against 78, Abstentions 5.

Amendment disagreed to.

The Presiding Officer: The second question is, that amendment S2M-5378.1, in the name of Derek Brownlee, which seeks to amend motion S2M-5378, in the name of Tom McCabe, on public service investment, be agreed to. Are we agreed?

Members: No.

The Presiding Officer: There will be a division.

FOR

Aitken, Bill (Glasgow) (Con)
 Brownlee, Derek (South of Scotland) (Con)
 Crawford, Bruce (Mid Scotland and Fife) (SNP)
 Cunningham, Roseanna (Perth) (SNP)
 Davidson, Mr David (North East Scotland) (Con)
 Douglas-Hamilton, Lord James (Lothians) (Con)
 Ewing, Fergus (Inverness East, Nairn and Lochaber) (SNP)
 Fabiani, Linda (Central Scotland) (SNP)
 Fergusson, Alex (Galloway and Upper Nithsdale) (Con)
 Gallie, Phil (South of Scotland) (Con)
 Gibson, Rob (Highlands and Islands) (SNP)
 Goldie, Miss Annabel (West of Scotland) (Con)
 Grahame, Christine (South of Scotland) (SNP)
 Hyslop, Fiona (Lothians) (SNP)
 Ingram, Mr Adam (South of Scotland) (SNP)
 Johnstone, Alex (North East Scotland) (Con)
 Lochhead, Richard (Moray) (SNP)
 MacAskill, Mr Kenny (Lothians) (SNP)
 Marwick, Tricia (Mid Scotland and Fife) (SNP)
 Mather, Jim (Highlands and Islands) (SNP)
 Matheson, Michael (Central Scotland) (SNP)
 Maxwell, Mr Stewart (West of Scotland) (SNP)
 McFee, Mr Bruce (West of Scotland) (SNP)
 McGrigor, Mr Jamie (Highlands and Islands) (Con)
 McLetchie, David (Edinburgh Pentlands) (Con)
 Milne, Mrs Nanette (North East Scotland) (Con)
 Morgan, Alasdair (South of Scotland) (SNP)
 Neil, Alex (Central Scotland) (SNP)
 Petrie, Dave (Highlands and Islands) (Con)
 Robison, Shona (Dundee East) (SNP)
 Scott, John (Ayr) (Con)
 Stevenson, Stewart (Banff and Buchan) (SNP)
 Sturgeon, Nicola (Glasgow) (SNP)
 Swinney, Mr John (North Tayside) (SNP)
 Tosh, Murray (West of Scotland) (Con)
 Turner, Dr Jean (Strathkelvin and Bearsden) (Ind)
 Watt, Ms Maureen (North East Scotland) (SNP)
 Welsh, Mr Andrew (Angus) (SNP)

AGAINST

Alexander, Ms Wendy (Paisley North) (Lab)
 Arbuckle, Mr Andrew (Mid Scotland and Fife) (LD)
 Baillie, Jackie (Dumbarton) (Lab)
 Baker, Richard (North East Scotland) (Lab)
 Barrie, Scott (Dunfermline West) (Lab)
 Boyack, Sarah (Edinburgh Central) (Lab)
 Brankin, Rhona (Midlothian) (Lab)
 Brown, Robert (Glasgow) (LD)
 Butler, Bill (Glasgow Anniesland) (Lab)
 Byrne, Ms Rosemary (South of Scotland) (Sol)
 Chisholm, Malcolm (Edinburgh North and Leith) (Lab)
 Craigie, Cathie (Cumbernauld and Kilsyth) (Lab)
 Curran, Frances (West of Scotland) (SSP)
 Eadie, Helen (Dunfermline East) (Lab)
 Ferguson, Patricia (Glasgow Maryhill) (Lab)
 Finnie, Ross (West of Scotland) (LD)
 Fox, Colin (Lothians) (SSP)
 Gillon, Karen (Clydesdale) (Lab)
 Glen, Marlyn (North East Scotland) (Lab)
 Godman, Trish (West Renfrewshire) (Lab)
 Gordon, Mr Charlie (Glasgow Cathcart) (Lab)

Gorrie, Donald (Central Scotland) (LD)
 Henry, Hugh (Paisley South) (Lab)
 Home Robertson, John (East Lothian) (Lab)
 Hughes, Janis (Glasgow Rutherglen) (Lab)
 Jackson, Dr Sylvia (Stirling) (Lab)
 Jackson, Gordon (Glasgow Govan) (Lab)
 Jamieson, Cathy (Carrick, Cumnock and Doon Valley) (Lab)
 Jamieson, Margaret (Kilmarnock and Loudoun) (Lab)
 Kerr, Mr Andy (East Kilbride) (Lab)
 Lamont, Johann (Glasgow Pollok) (Lab)
 Leckie, Carolyn (Central Scotland) (SSP)
 Lyon, George (Argyll and Bute) (LD)
 Macdonald, Lewis (Aberdeen Central) (Lab)
 MacDonald, Margo (Lothians) (Ind)
 Macintosh, Mr Kenneth (Eastwood) (Lab)
 Maclean, Kate (Dundee West) (Lab)
 Macmillan, Maureen (Highlands and Islands) (Lab)
 Martin, Paul (Glasgow Springburn) (Lab)
 May, Christine (Central Fife) (Lab)
 McAveety, Mr Frank (Glasgow Shettleston) (Lab)
 McCabe, Mr Tom (Hamilton South) (Lab)
 McConnell, Mr Jack (Motherwell and Wishaw) (Lab)
 McMahon, Michael (Hamilton North and Bellshill) (Lab)
 McNeil, Mr Duncan (Greenock and Inverclyde) (Lab)
 McNeill, Pauline (Glasgow Kelvin) (Lab)
 McNulty, Des (Clydebank and Milngavie) (Lab)
 Morrison, Mr Alasdair (Western Isles) (Lab)
 Muldoon, Bristow (Livingston) (Lab)
 Mulligan, Mrs Mary (Linlithgow) (Lab)
 Munro, John Farquhar (Ross, Skye and Inverness West) (LD)
 Murray, Dr Elaine (Dumfries) (Lab)
 Oldfather, Irene (Cunninghame South) (Lab)
 Peacock, Peter (Highlands and Islands) (Lab)
 Peattie, Cathy (Falkirk East) (Lab)
 Pringle, Mike (Edinburgh South) (LD)
 Purvis, Jeremy (Tweeddale, Ettrick and Lauderdale) (LD)
 Radcliffe, Nora (Gordon) (LD)
 Robson, Euan (Roxburgh and Berwickshire) (LD)
 Rumbles, Mike (West Aberdeenshire and Kincardine) (LD)
 Scott, Tavish (Shetland) (LD)
 Sheridan, Tommy (Glasgow) (Sol)
 Smith, Elaine (Coatbridge and Chryston) (Lab)
 Smith, Iain (North East Fife) (LD)
 Smith, Margaret (Edinburgh West) (LD)
 Stephen, Nicol (Aberdeen South) (LD)
 Stone, Mr Jamie (Caithness, Sutherland and Easter Ross) (LD)
 Wallace, Mr Jim (Orkney) (LD)
 Whitefield, Karen (Airdrie and Shotts) (Lab)
 Wilson, Allan (Cunninghame North) (Lab)

ABSTENTIONS

Baird, Shiona (North East Scotland) (Green)
 Ballance, Chris (South of Scotland) (Green)
 Ballard, Mark (Lothians) (Green)
 Harper, Robin (Lothians) (Green)
 Harvie, Patrick (Glasgow) (Green)
 Ruskell, Mr Mark (Mid Scotland and Fife) (Green)
 Scott, Eleanor (Highlands and Islands) (Green)

The Presiding Officer: The result of the division is: For 38, Against 70, Abstentions 7.

Amendment disagreed to.

The Presiding Officer: The third question is, that motion S2M-5378, in the name of Tom McCabe, on public service investment, be agreed to. Are we agreed?

Members: No.

The Presiding Officer: There will be a division.

FOR

Alexander, Ms Wendy (Paisley North) (Lab)
 Arbuckle, Mr Andrew (Mid Scotland and Fife) (LD)
 Baillie, Jackie (Dumbarton) (Lab)
 Baker, Richard (North East Scotland) (Lab)
 Barrie, Scott (Dunfermline West) (Lab)
 Boyack, Sarah (Edinburgh Central) (Lab)
 Brankin, Rhona (Midlothian) (Lab)
 Brown, Robert (Glasgow) (LD)
 Butler, Bill (Glasgow Anniesland) (Lab)
 Chisholm, Malcolm (Edinburgh North and Leith) (Lab)
 Craigie, Cathie (Cumbernauld and Kilsyth) (Lab)
 Eadie, Helen (Dunfermline East) (Lab)
 Ferguson, Patricia (Glasgow Maryhill) (Lab)
 Finnie, Ross (West of Scotland) (LD)
 Gillon, Karen (Clydesdale) (Lab)
 Glen, Marilyn (North East Scotland) (Lab)
 Godman, Trish (West Renfrewshire) (Lab)
 Gordon, Mr Charlie (Glasgow Cathcart) (Lab)
 Gorrie, Donald (Central Scotland) (LD)
 Henry, Hugh (Paisley South) (Lab)
 Home Robertson, John (East Lothian) (Lab)
 Hughes, Janis (Glasgow Rutherglen) (Lab)
 Jackson, Dr Sylvia (Stirling) (Lab)
 Jackson, Gordon (Glasgow Govan) (Lab)
 Jamieson, Cathy (Carrick, Cumnock and Doon Valley) (Lab)
 Jamieson, Margaret (Kilmarnock and Loudoun) (Lab)
 Kerr, Mr Andy (East Kilbride) (Lab)
 Lamont, Johann (Glasgow Pollok) (Lab)
 Lyon, George (Argyll and Bute) (LD)
 Macdonald, Lewis (Aberdeen Central) (Lab)
 Macintosh, Mr Kenneth (Eastwood) (Lab)
 Maclean, Kate (Dundee West) (Lab)
 Macmillan, Maureen (Highlands and Islands) (Lab)
 Martin, Paul (Glasgow Springburn) (Lab)
 May, Christine (Central Fife) (Lab)
 McAveety, Mr Frank (Glasgow Shettleston) (Lab)
 McCabe, Mr Tom (Hamilton South) (Lab)
 McConnell, Mr Jack (Motherwell and Wishaw) (Lab)
 McMahon, Michael (Hamilton North and Bellshill) (Lab)
 McNeil, Mr Duncan (Greenock and Inverclyde) (Lab)
 McNeill, Pauline (Glasgow Kelvin) (Lab)
 McNulty, Des (Clydebank and Milngavie) (Lab)
 Morrison, Mr Alasdair (Western Isles) (Lab)
 Muldoon, Bristow (Livingston) (Lab)
 Mulligan, Mrs Mary (Linlithgow) (Lab)
 Munro, John Farquhar (Ross, Skye and Inverness West) (LD)
 Murray, Dr Elaine (Dumfries) (Lab)
 Oldfather, Irene (Cunninghame South) (Lab)
 Peacock, Peter (Highlands and Islands) (Lab)
 Peattie, Cathy (Falkirk East) (Lab)
 Pringle, Mike (Edinburgh South) (LD)
 Purvis, Jeremy (Tweeddale, Ettrick and Lauderdale) (LD)
 Radcliffe, Nora (Gordon) (LD)
 Robson, Euan (Roxburgh and Berwickshire) (LD)
 Rumbles, Mike (West Aberdeenshire and Kincardine) (LD)
 Scott, Tavish (Shetland) (LD)
 Smith, Elaine (Coatbridge and Chryston) (Lab)
 Smith, Iain (North East Fife) (LD)
 Smith, Margaret (Edinburgh West) (LD)
 Stephen, Nicol (Aberdeen South) (LD)
 Stone, Mr Jamie (Caithness, Sutherland and Easter Ross) (LD)
 Wallace, Mr Jim (Orkney) (LD)
 Whitefield, Karen (Airdrie and Shotts) (Lab)
 Wilson, Allan (Cunninghame North) (Lab)

AGAINST

Aitken, Bill (Glasgow) (Con)
 Baird, Shiona (North East Scotland) (Green)
 Ballance, Chris (South of Scotland) (Green)
 Ballard, Mark (Lothians) (Green)
 Brownlee, Derek (South of Scotland) (Con)
 Byrne, Ms Rosemary (South of Scotland) (Sol)
 Crawford, Bruce (Mid Scotland and Fife) (SNP)
 Cunningham, Roseanna (Perth) (SNP)
 Curran, Frances (West of Scotland) (SSP)
 Davidson, Mr David (North East Scotland) (Con)
 Douglas-Hamilton, Lord James (Lothians) (Con)
 Ewing, Fergus (Inverness East, Nairn and Lochaber) (SNP)
 Fabiani, Linda (Central Scotland) (SNP)
 Fergusson, Alex (Galloway and Upper Nithsdale) (Con)
 Fox, Colin (Lothians) (SSP)
 Gallie, Phil (South of Scotland) (Con)
 Gibson, Rob (Highlands and Islands) (SNP)
 Goldie, Miss Annabel (West of Scotland) (Con)
 Grahame, Christine (South of Scotland) (SNP)
 Harper, Robin (Lothians) (Green)
 Harvie, Patrick (Glasgow) (Green)
 Hyslop, Fiona (Lothians) (SNP)
 Ingram, Mr Adam (South of Scotland) (SNP)
 Johnstone, Alex (North East Scotland) (Con)
 Leckie, Carolyn (Central Scotland) (SSP)
 Lochhead, Richard (Moray) (SNP)
 MacAskill, Mr Kenny (Lothians) (SNP)
 MacDonald, Margo (Lothians) (Ind)
 Mather, Jim (Highlands and Islands) (SNP)
 Matheson, Michael (Central Scotland) (SNP)
 Maxwell, Mr Stewart (West of Scotland) (SNP)
 McFee, Mr Bruce (West of Scotland) (SNP)
 McGrigor, Mr Jamie (Highlands and Islands) (Con)
 McLetchie, David (Edinburgh Pentlands) (Con)
 Milne, Mrs Nanette (North East Scotland) (Con)
 Morgan, Alasdair (South of Scotland) (SNP)
 Neil, Alex (Central Scotland) (SNP)
 Petrie, Dave (Highlands and Islands) (Con)
 Robison, Shona (Dundee East) (SNP)
 Ruskell, Mr Mark (Mid Scotland and Fife) (Green)
 Scott, Eleanor (Highlands and Islands) (Green)
 Scott, John (Ayr) (Con)
 Sheridan, Tommy (Glasgow) (Sol)
 Stevenson, Stewart (Banff and Buchan) (SNP)
 Sturgeon, Nicola (Glasgow) (SNP)
 Swinney, Mr John (North Tayside) (SNP)
 Tosh, Murray (West of Scotland) (Con)
 Turner, Dr Jean (Strathkelvin and Bearsden) (Ind)
 Watt, Ms Maureen (North East Scotland) (SNP)
 Welsh, Mr Andrew (Angus) (SNP)

The Presiding Officer: The result of the division is: For 64, Against 50, Abstentions 0.

Motion agreed to.

That the Parliament recognises that there have been continuing record levels of public investment in Scotland, as indicated in the most recent publication of *Government Expenditure and Revenue in Scotland 2004-05*; further recognises the record levels of finance provided to local government which mean that by 2007-08 core funding will have increased by almost £3.2 billion, or 57.9% compared with 1999-2000, and believes that this position is a result of being part of the United Kingdom.

The Presiding Officer: The fourth question is, that motion S2M-5381, in the name of Margaret Curran, on rule 9.6.3A, be agreed to.

Motion agreed to.

That the Parliament agrees under Rule 9.6.3A that the Parliament shall consider the general principles of the Custodial Sentences and Weapons (Scotland) Bill on the fourth sitting day after the publication of the lead committee report.

The Presiding Officer: The fifth question is, that motion S2M-5382, in the name of Margaret Curran, on the referral of a Scottish statutory instrument, be agreed to.

Motion agreed to.

That the Parliament agrees that the Subordinate Legislation Committee should report on the draft Scottish Parliament (Disqualification) Order 2007 and that the Order should be considered by the Parliament.

The Presiding Officer: The sixth question is, that motions S2M-5383 and S2M-5384, in the name of Margaret Curran, on substitution on committees, be agreed to.

Motions agreed to.

That the Parliament agrees that Ms Rosemary Byrne be appointed as the Solidarity Group substitute on the Local Government and Transport Committee.

That the Parliament agrees that Tommy Sheridan be appointed as the Solidarity Group substitute on the Education Committee.

Bring Back our Buses Campaign

The Deputy Presiding Officer (Murray Tosh):

The final item of business today is a members' business debate on motion S2M-5327, in the name of Colin Fox, on the bring back our buses campaign. The debate will be concluded without any question being put.

Motion debated,

That the Parliament notes that several vital community bus services in the Edinburgh area have been cut or made virtually unaffordable through fare increases over the last year; applauds the efforts of the South Queensferry Bus Users' Group in campaigning for affordable fares and of the "Bring Back our Buses" campaign in calling for the retention of frequent services on the 13, 18, 38 routes and the reinstatement of full services on the 67, 20 and 60 routes, which are much used by OAPs and other vulnerable members of excluded communities in Blackhall, Ratho, Dumbiedykes, Wester Hailes and Pilton, and believes that local authorities should be allowed to regulate bus routes and timetables to ensure that marginalised communities are able to access services and amenities.

17:10

Colin Fox (Lothians) (SSP): I thank members for joining me for the first members' business debate of the new year.

I raise three important issues: first, the impact of bus service cuts and fare increases on public transport provision in Edinburgh and the Lothians; secondly, the greater role for public transport provision in reducing social exclusion, global warming, pollution and road accidents; and thirdly, the fact that free public transport throughout Scotland is firmly on the agenda.

I acknowledge the services that FirstBus and Lothian Buses, in particular, provide for the people of the Lothians. I stood on the picket lines alongside drivers from both companies last year in support of their pay claim and I am proud that Edinburgh retains one of the few publicly owned bus companies in Britain.

However, both companies must acknowledge that cuts to vital community bus routes in recent months have damaged their reputation and their ability to deliver a universal service. The number 12 bus from the Jewel to Portobello has been cut; the number 13 service from Blackhall has been curtailed; and the number 18 service from the new Edinburgh royal infirmary to the Gyle has been curtailed, despite the best efforts of Edinburgh pensioner Mrs Irene Paterson, who gathered more than 3,500 signatures for her petition to keep the number 18 service running via Hunter's Tryst. The number 20 service in Edinburgh has been curtailed and the number 38 from north Edinburgh to the new royal infirmary has been cut back, as have the number 60 service from Dumbiedykes to

the town and the number 67 service from Ratho to Wester Hailes. It is becoming increasingly difficult to get from one part of the city to another without going through the city centre.

It is clear that cuts in services and increases in fares will not lead to greater passenger numbers. As the South Queensferry bus users group has amply demonstrated, the £3.60 FirstBus fare to Edinburgh, which has gone up by 44 per cent in just six months, will not encourage more people to leave their cars at home or indeed to travel by bus at all. I am sure that during the Christmas period members noted the inflation-busting increases that the train operating companies announced, which will not encourage people to travel by train. Such increases are being imposed at a time when Britain has the highest public transport fares in western Europe. Buses account for 70 per cent of journeys on public transport and since 1990 bus fares have increased by 24 per cent.

Public transport must be regarded not as a money-making machine but as a public service that is vital to the economy and to communities. Between 1986 and 1999, the amount of public money that was spent on subsidising bus services fell in Britain by two thirds, not because private money was being invested in place of public money but because services were being cut. Buses offer a lifeline to vulnerable people and isolated communities, which often have no alternative to fall back on. Given that few routes outside lucrative city centres make money, everyone understands that we need to subsidise public transport, but to what extent and to what end? We do not subsidise public transport to fatten the profits of big bus companies—that is not what subsidies are there for.

I applaud the work of the South Queensferry bus users group and the bring back our buses campaign. I support campaigners' arguments for route development and I applaud their efforts to visit community councils in Edinburgh, to argue for the necessary expansion of the system that will ensure that it is inclusive.

Mrs Thatcher once sneered that if a person was still travelling by bus when they were 40, they were somehow a failure. Spokesperson that she is for the Chelsea tractor brigade, she spectacularly failed to understand and grapple with the issues. Fortunately, others have done and passenger numbers are again rising after a decade of decline. In the Lothians, passenger numbers are up by 25 per cent, which allowed Lothian Buses to order 42 new buses, with the very latest Euro 4 low-emission diesel engines. It is important to highlight the role of public transport in reducing traffic volumes and dangerous CO₂ and nitrous oxide emissions. Compared with the use of cars,

the use of buses reduces emissions by 88 per cent per passenger mile.

Everyone is facing up to the fact that public transport is the best option to address our cities' needs in relation to congestion, pollution and social inclusion. Ahead of May's elections, every party in Edinburgh appears to be committed to increasing expenditure on our buses. Going into the elections, Labour's Ewan Aitken has announced that Labour will spend more than £1 million if it is elected. The Liberals, the Scottish National Party and the Tories all agree, which is just as well, because Ian Craig, the managing director of Lothian Buses, has made it clear that the company needs more money if the services that the public demand are to be delivered.

It is against that background that the Scottish Socialist Party is committed to introducing free public transport for all throughout Scotland, to provide a better alternative to the car and one that offers genuine social inclusion. The Executive has, commendably, introduced free public transport for senior citizens, which is welcome, although it is unfortunate that many pensioners do not have a local bus to go on. Nonetheless, free public transport for senior citizens is commendable, as was the Minister for Transport's announcement on Monday that 16 to 19-year-olds are to be offered discounted travel and that youngsters who live in the islands are to be offered two free ferry journeys each year—quite right too.

Kenny MacAskill was quoted in the *Edinburgh Evening News*—accurately, I hope—saying that, as an alternative to Edinburgh's tram system, we could offer free travel on Edinburgh's buses for seven years for the same amount of money. I welcome that announcement. For the Liberals, Euan Robson was quoted on Monday as saying that carers should be allowed free travel when with their loved one or client. That is a commendable and eminently sensible idea. However, if we are honest, all those measures are too little on their own to make a lasting difference, which is why we argue that free public transport for all is necessary to address the questions that are before us.

The policy has been implemented selectively elsewhere. The town of Hasselt in Belgium, which has a population of 69,000, had a dreadful congestion problem in the 1990s to which it responded not by introducing congestion charges and penalties, but with a free travel scheme. Passenger journeys rose by 870 per cent and the problem was turned round. The idea is now being studied by the Danish Government, the Government in Victoria, Australia and other Governments throughout the world. The Scottish Socialist Party believes that there is much merit in the idea.

The first step on the path of introducing free public transport for all throughout Scotland would be to reregulate bus routes, timetables and fares, in consultation with local communities and groups such as the South Queensferry bus users group and the bring back our buses campaign. Prior to 1986, bus services were regulated. Deregulation resulted first in aggressive price wars over route domination and then in cuts in services, as profits became a more important motive than public service provision.

What would the provision of free public transport cost? As the minister knows, annual transport revenue in Scotland is £593 million. It has been estimated that the set-up costs and the costs of the extra buses and staff that would be needed to introduce free public transport would amount to another £700 million. The total cost therefore would be £1.3 billion, which is a lot of money, but surely in a climate in which the Government is talking about spending £25 billion on a replacement for Trident, nobody can claim that the money is not there. As Sir Nicholas Stern aptly put it, the cost of doing nothing is more expensive in the long run. The savings to the health service, from a reduced number of accidents and reduced pollution, and to businesses and the wider community would offset the cost.

The radical approach of providing free public transport for all would be a socially just contribution to tackling the huge issues of poverty, health and climate change that confront us all.

17:20

David McLetchie (Edinburgh Pentlands) (Con): I welcome the opportunity to contribute to this evening's debate. Colin Fox's motion has identified the problem by reference to certain services in Edinburgh and Lothian, although the problem is by no means unique to the city and region. It is essentially encapsulated in the question, "How do we provide bus services on routes for which there is a clear social need on the part of members of our community who do not have access to private transport, but which are, in terms of the numbers of passengers they can attract, either uneconomic to run at all or to run at desirable levels of frequency?"

Here in Edinburgh, the question arises particularly acutely in relation to services for national health service staff, patients and visitors to the new Edinburgh royal infirmary—Colin Fox cited examples. His motion refers to excluded communities and cites Wester Hailes, which I represent. The impact of his sentiment was, however, somewhat diminished by his reference to Blackhall. I live there and would like to see more number 13 buses there, but everyone in Blackhall would be astonished to learn that we are,

according to the Scottish Socialist Party, living in an excluded community. If we are excluded, who in Scotland is included? Included in what? Perhaps Mr Fox will tell us.

Margaret Smith (Edinburgh West) (LD): Will the member take an intervention?

David McLetchie: Here is another disadvantaged and excluded member from Blackhall.

Margaret Smith: As Mr McLetchie's local constituency MSP, I am fighting on his behalf and on behalf of the other residents of Blackhall. The point that we are trying to make is that because of the changes in the Blackhall bus service, we no longer have the number 13 bus at off-peak times, which means that a number of elderly people are basically housebound, particularly in the winter. That has also affected local schools: schoolchildren are unable to travel home by bus at the end of the day. I would be the first to agree that Blackhall is perhaps not quite as desperate as some other parts of the city, but there is a reasonable point to be made, which was made by Colin Fox.

David McLetchie: There is a very reasonable point about service frequency on routes. I was, in a slightly tongue-in-cheek manner, trying to point out that to encapsulate both Wester Hailes, which I represent, and Blackhall, where I live, in a motion somewhat diminishes the strength of the argument. I take Margaret Smith's point.

It is one thing to diagnose a problem and another to prescribe the correct treatment. I regret to say that the SSP's prescription is once again to fall back on the failed policies of nationalisation and regulation, which for decades frustrated the development of bus services in Scotland. The policies of the previous Conservative Government reversed that trend. Without our deregulation policy, FirstGroup plc and Stagecoach would not be the major international public transport companies that they are today. They are major Scottish success stories. Without deregulation, even the council-owned Lothian Buses would not be the success that it is today, delivering services on a commercial and largely unsubsidised basis, with a fare structure that represents good value for the bus user and which still delivers a dividend to its council owners.

In seeking to fashion a transport policy of its own, the Scottish Executive has had a few false starts, which are no better exemplified than in the Transport (Scotland) Act 2001, which is notorious for advocating congestion charging and for advocating, in relation to bus services, quality partnerships and quality contracts that are to be delivered on a statutory basis by councils and bus operators. We were told that that was the way

ahead, but what happened? Four years later, the Parliament's Local Government and Transport Committee held an inquiry to establish why no one by that time had thought it worth their while to enter a quality partnership or a quality contract for bus services. What were the conclusions of that inquiry? Basically, it concluded that such statutory arrangements were useless and undesirable. In the words of Neil Renilson, chief executive of Lothian Buses, contracts

"would take control of the bus network and design of the services and timetables away from the people who run the buses and ... put control in the hands of local government officers, civil servants or whomever, who are inevitably divorced from the coalface"—[*Official Report, Local Government and Transport Committee*, 5 October 2004; c 1183.]—

or, perhaps more appositely, divorced from the bus stop.

Re-regulation is not the answer to the problems that have been highlighted today. Privately and publicly owned operators agree that regulation was the problem and that it is a prescription for poorer services. We should build on and learn from the successful partnerships that are in place throughout Scotland. That is the way ahead. We should not go back to the future.

17:25

Mike Pringle (Edinburgh South) (LD): I congratulate Colin Fox on securing the debate. Buses are the backbone of our local communities and, for many of my constituents—who, of course, include Colin Fox—they are vital for getting around Edinburgh. Margaret Smith will comment on the issues in South Queensferry, but I will comment on one of the bus services that Colin Fox mentioned in his motion: the Lothian Buses 38 service.

We all agree that Lothian Buses provides an extremely good service. A number of the overseas visitors we receive through a couple of organisations to which I belong use the buses when they come to Edinburgh and always remark on how good the service is. However, since October, when the city of Edinburgh Council's Labour administration cut the bus subsidy grant, the number 38 bus has been reduced to a half-hourly service with earlier evening finishing times and an even more reduced Sunday service.

The 38 bus travels from the west of the city, through south-west Edinburgh and through my constituency to the royal infirmary. It is not the sort of bus service that has always been popular and the council tried to cut it in 2001, citing a lack of demand. However, many people rely on such services. The 38 goes around the city, connects many communities and gives direct access to the University of Edinburgh's science campus and the

royal infirmary site while avoiding the city centre. Many of the roads on which it travels have no other bus service.

I accept that, for many people in rural areas, a half-hourly service seems like a luxury, but it has been shown that people in cities stop using buses when they come only once every half hour. That is one of the reasons why I have been pursuing Lothian Buses to roll out its bus tracker system on many of the less-used routes throughout the city, because that would encourage more people to get on the buses.

The 38's situation is symptomatic of the fact that, if we simply ran buses on a commercial basis, many services would not survive. However, it is much more than that. For many older people and marginalised people in society, buses are a lifeline that is every bit as important as lifeline air services are: only today, the Executive has announced two new air routes. Buses allow social mobility and greatly improve the quality of people's lives. That is why Edinburgh's bus subsidy is important.

It is very disappointing that the City of Edinburgh Council has forced a reduction in the services. In 2001, Liberal Democrats succeeded in saving the 38 bus after collecting thousands of signatures. This time, the cuts affect a wider range of services throughout south Edinburgh, which is why in October I joined my council colleagues in launching a renewed save the buses campaign. Again, thousands of signatures have been received and we will shortly hand in the petition. If any members wish to join, they are welcome to sign up to the campaign.

I am committed to maintaining local bus services and I call on the City of Edinburgh Council to reinstate a supported bus service that keeps buses such as the 38 running.

17:28

Mr Kenny MacAskill (Lothians) (SNP): As is normal, I pay tribute to Colin Fox for securing the debate. As it is a members' business debate, it is important that we deal with the specifics of the constituency matter rather than with general points.

It is appropriate that Colin Fox paid tribute to the people in South Queensferry who are campaigning to save their bus service. I am old enough to remember the time when South Queensferry was part of the county of West Lothian. The logic for its having become part of the City of Edinburgh is understandable, but there is in South Queensferry a clear perception, if not reality, that although residents there pay the same council tax as people who live in the city, they do not get the same benefits because of their

geographical distance from the city centre. That perception was increased when there was a possibility that South Queensferry residents may have had to pay a congestion charge to drive into a city in which they reside, with all the difficulties that went with that.

South Queensferry residents are clearly not as well served by transport services as residents of a variety of areas within Edinburgh itself, so we must try to ensure that that deficit is addressed. The same applies to Ratho, which used to be part of the county of Midlothian. There are historical reasons for the situation, but the residents of Ratho and South Queensferry must be treated as part of the city. They pay the same council tax and so are entitled to be treated with the same dignity and have the same access to services as citizens in larger and more central parts of the city.

As all of the other speakers have said, the City of Edinburgh has an excellent bus service. It is important that we record that it regularly wins prizes for having the best bus service in the United Kingdom. Problems arise in South Queensferry and other areas that were historically served by green buses rather than by maroon buses—to hark back to when I was a boy—and in which, in order to avoid a bus war, a relationship has been on-going. Indeed, at the moment, Lothian Buses and FirstGroup serve South Queensferry. However, it is a matter of fact that the areas that are served primarily by Lothian Buses get better treatment in the city than those that depend on FirstGroup. There are a variety of reasons for that, which relate mainly to distance and to the nature of the routes that FirstGroup operates.

Colin Fox: Does the member recognise that there is a correlation between the fact that Lothian Buses is winning awards for being the best bus company in Britain and the fact that it is one of the few that are publicly owned?

Mr MacAskill: I have no doubt that that is a factor. As a citizen of Edinburgh, I welcome the fact that not only does Lothian Buses provide a fantastic service but that the profit that it makes is ploughed back into the service. The company cross-subsidises its routes. Clearly with certain routes, there has been a problem that Mr Fox identified, but we all know that there are other routes that do not make the same amount of money and which use the cross-subsidy. We must acknowledge that, due to the good business acumen with which the routes are operated, some of the routes are extremely profitable, such as the flagship number 22 route, which shows what can be done by a bus operator in running a quality service with quality buses.

That brings me back to other matters. As we have said, politics is about priorities. The statements of mine that Colin Fox quoted were,

perhaps, not presented in quite the context in which they were made but, nevertheless, the issue is about priorities. There are clear limits to what Lothian Buses can do in cross-subsidisation and in what the City of Edinburgh Council can do in terms of subsidy. However, we have to think about what we can do with the available money in order to bring about the best situation in Edinburgh. Colin Fox talked about rail fares, but Edinburgh's bus fares have risen to £1 from 80p and the routes that Mr Fox mentioned and some others, including routes east of the city, have been curtailed.

That has happened when it is proposed that we embark on £700 million of expenditure on a tram system that will not provide any benefit to the areas that are losing their bus services, and which will also result in more bus services being removed. The point that I make, and on which Mr Fox commented, is that it does not make sense to spend £700 million on a tram scheme that will not go where people want to be taken and will not serve the vast majority of the citizens of the city of Edinburgh when, for that amount of money, we could replace every bus in the Lothians with low-level-access buses and run Edinburgh's bus service free for the next seven years. Where should we spend our money?

17:33

Mark Ballard (Lothians) (Green): I congratulate Colin Fox on securing the debate. The first members' business debate after the summer recess was secured by Pauline McNeill, who called for greater public accountability in public transport. In a way, it is fitting that the first members' business debate after the winter recess should be on effectively the same topic.

I have congratulated Colin Fox on securing the debate, but I am disappointed that he has been forced to do so. We have debated public transport regulation endlessly without seeing the progress that we need. I support proper regulation of bus routes, which was absent when the Tories deregulated the buses 20 years ago. Following that, there was a massive decline in bus patronage. In the past 10 years, there has been a 9 per cent decline in Scotland and a 13 per cent decline across the United Kingdom, outwith London. That is a consequence of the fact that we have had an inefficient deregulated system that is full of unnecessary competition. That undermines the quality of service and results in withdrawal of services, which is what we are talking about today.

In that context, and in recognition of the fact that the budget shows that, since the introduction of concessionary fares, about a third of operating funding for bus companies comes from the public purse, it is right that we should talk about proper regulation. We certainly need a light-touch

approach to regulation, but there must be accountability for the withdrawal of routes. We put a vast amount of public money into bus services, so accountability must match that.

Lothian Buses is to be congratulated on the services that it runs. The company runs at a profit while delivering excellent services. The profit is welcome, but I believe that service is the key to our bus network. With the local authority as a shareholder, that has been achieved. It is instructive to compare the successes in Edinburgh with the problems that have occurred elsewhere.

Nonetheless, the services that we are debating today—particularly services such as the 60 and the 13, which are radial routes that do not go through the city centre but offer routes across the city—are vital if we are to have a proper bus network. Given the funding that we are putting in, it is right that there is public concern about withdrawal of services or reductions in their frequency. Margaret Smith was right—the fact that someone lives in Blackhall does not mean that they are not socially excluded. If they do not have adequate access to public transport, people might be socially excluded. Public transport has become increasingly important to me since my partner and I had a child. For elderly people and people with children, public transport is not merely an option—it becomes a necessity if they are to participate in society.

Lothian Buses charges £2.30 for a day ticket. That is welcome because it is one of the lowest such fares in the UK, and it contrasts with the £3.60 that is charged by FirstBus. We need to tackle that anomaly, which affects people who live in South Queensferry. We must recognise the need for a properly regulated system.

I support the motion and I support those who are campaigning for better bus services. We need better services in order that we can combat social exclusion and damage to the environment. However, I wish the rest of Scotland had bus services to compete with those in Edinburgh or even those in South Queensferry. We are in a privileged position. I hope that the rest of Scotland catches up with Lothian, but I also hope that, in Lothian, services are maintained not just through the city centre but around it.

17:37

Margaret Smith (Edinburgh West) (LD): In 12 years as an elected politician in Edinburgh, I have never known a period of upset and disruption involving the change and withdrawal of local bus services such as that in the past year. Like others, I set my remarks in the context that we have a very good bus service. That is due, in no small part, to the fact that Lothian Buses remains

municipally owned. Many of us are pleased about that, and we benefit from it.

It is right that the City of Edinburgh Council and the Scottish Executive support public transport. It is right to try to get people out of their cars and on to public transport. Supporting public transport is also right in terms of social inclusion. My intervention on Mr McLetchie was slightly tongue in cheek, although many years ago, when I represented Cramond as a councillor, it became clear to me that when my older constituents become widowed—I use the word advisedly—many of the elderly ladies lost not only their husband but their driver. Hard on the heels of losing their partner, they found that they lost access to their church, to social clubs and so on. It was a double blow. Until I represented them, that had not occurred to me. I thought, “We live in an affluent area.” It had not occurred to me that people can live in an affluent area but still be transport poor.

The Scottish Executive must be applauded for introducing the concessionary travel scheme, but the shine has been taken off the scheme for many of my constituents in areas such as Blackhall, Gogarbank and Clermiston—to name just a few—by the withdrawal of services, which has made the scheme more difficult to access.

I applaud the work that has been done by the bring back our buses campaigners throughout Edinburgh. In particular, I pay tribute to the Blackhall community association, which not only has lobbied the council but is now petitioning the Parliament. That highlights the problems that people face when local bus services are withdrawn. I have been working with the association on issues around the 13 and 68 services.

I am pleased that the council agreed in November to consider bus services for north Edinburgh and to examine the effects of withdrawing bus services on older people and on social exclusion. I have written to the council to ask it to use the generous settlement that it received recently from the Executive to support local bus services.

In the past year, I have had a series of meetings, discussions and correspondence with residents, the council chief executive, community councils, Blackhall community association, NHS Lothian—about the access to hospitals that David McLetchie mentioned—and bus operators. I have also launched a fairer fares for Queensferry petition locally, and I have met local Queensferry residents who have set up a new fairer fares for Queensferry campaign group, with me—for my sins—as vice chair.

Why is this necessary? First, the residents of Queensferry and surrounding areas are currently paying the highest bus fares in Scotland. Fares have increased considerably in the past year, and a day ticket now costs £3.60 compared with the Lothian Buses price of £2.30 or the Scottish average of £2.85. There is no doubt that because FirstBus has a monopoly in parts of the Ferry—a position that Lothian Buses refuses to challenge because of the possibility of bus wars—the people of South Queensferry are being short changed. Despite my best efforts in discussing that with the council, it refuses to consider it from the point of view of quality bus partnerships or anything else.

I want also to pay tribute to the South Queensferry bus users group mentioned in the motion, which was set up by local councillor George Grubb and local residents. It has had some success in securing improvements in bus services in the area, and we hope to take that further with fares. We are right to see bus services as crucial to local communities, whether that is at Gogarbank, or in relation to Kirkliston no longer having direct access to St John's hospital, or the impact on St Margaret's school. Across my constituency, there is a need for change.

Communities need more notice of proposed changes to services so that meaningful consultation can take place, with time to take into account impacts on journeys to hospitals, schools and so on. Councils need either greater control over bus routes and timetables or greater ring-fenced funding from the Scottish Executive to protect the services that they see as crucial to their local communities.

I know that the Executive has been doing some work, but I hope that it will expand its work on demand responsive services, which might be particularly useful on the urban-rural fringes of cities such as Edinburgh in areas such as Ratho and Gogarbank. It is crucial that, as the minister confronts the business case for trams, he bears in mind the need to integrate good local bus services and the tram system—I include in that the shuttle bus to the Western general hospital.

Buses are good for the environment, social inclusion and our communities. I hope that the minister will take on board the concerns and issues raised tonight.

17:42

Fergus Ewing (Inverness East, Nairn and Lochaber) (SNP): I thank Colin Fox for giving us the opportunity to discuss the issues in ensuring that people have access to bus services and the general topic of regulation, as set out in the motion. I hope that my remarks will not stray too

widely from specific services in Edinburgh, which have been well covered today.

Margaret Smith made an extremely telling point about the importance of access to bus services to those who have been widowed and therefore find themselves in a new situation without a driver. That argument also applies to those who wish to travel intercity. Many people in Inverness wish to travel to meet their friends in Blackhall and no doubt partake in the 13, 18 or 38 routes once they get there. Unfortunately, their ability to do so may be put at risk by another aspect of regulation, which just fits into the text of the motion.

The excellent service operated in a joint venture by Megabus and Scottish Citylink has been taken to the Competition Commission, which has suggested that there should be a divestment and that the service should be split up. It has no support in that. I believe that the Scottish Executive has objected to the suggestion, and I have had no complaints from constituents about unduly high fares. I know that the service has been successful in attracting 41 per cent more passengers. I also know that it allows connectivity and access for marginalised communities to travel to Aberdeen and Dundee, for example, and to do so hourly from Aberdeen and half-hourly from Dundee to Edinburgh and Glasgow. That is all subject to the regulatory impact of the Competition Commission, referred to in Colin Fox's motion.

I believe that we and the Scottish Executive can make common cause on the issue. I have made lengthy representations to the commission, as a result of which the commission has announced that it plans to come to Scotland to meet me. I imagine that the minister has made his own representations.

At risk are excellent services. Another risk is that the huge number of extra bus passengers will return to driving on the A9. At risk is the investment that Stagecoach plans in new buses and services. Other risks are the reduction of services, the discouragement of innovation, an increase in costs and higher fares.

It is extremely strange that the Competition Commission saw fit to accept behavioural undertakings by First ScotRail when it was awarded the ScotRail franchise but to spurn and ignore the undertakings that Megabus and Citylink gave not to increase fares beyond a rate that is broadly in line with inflation. The bus companies said that they would not inflate the fares and gave undertakings, yet the Competition Commission ignored those undertakings, although it accepted them in a previous case.

I hope that I am not straying too widely from the topic. I have used the opportunity to put on record another consequence—unintended, I think—of

regulation. The cost in legal expenses has been more than £1 million. What is happening in the Competition Commission? To be serious, to whom is the commission accountable? Transport is devolved, but competition is reserved. I make my speech in the hope that I will make common cause with the minister and that today, or in the next week or so, we might meet to consider how we can protect and preserve the success story that connects cities and allows people to travel to Edinburgh to take advantage of the local routes that Colin Fox identified in his motion.

17:47

The Minister for Transport (Tavish Scott): I was just thinking about how I could work in the interisland ferry home to Bressay. After Mr Ewing's speech, it is clear that I would have no difficulty in doing that.

I will respond to the debate that Colin Fox has sponsored on the provision of local bus services. Members have, on the whole, reflected the importance of those services to communities in Edinburgh, with slight—or rather, considerable—deviation at the end. The debate has been informative. I suspect that the view of all members is that it is not the job of the Minister for Transport—God help the good people of Edinburgh—to set the bus timetable, so I will confine my remarks to some of the themes that have emerged.

Apart from a small dose of ideological purism from members throughout the chamber, several important points have been made about bus operators and the measures that they need to take to respond to communities' needs. We have published the national transport strategy and last month we published our action plan for buses in Scotland, which I saw Mr McLetchie reading carefully during the debate. Those documents made it clear that we regard bus services as vital. I welcome the opportunity to reinforce our message that the Scottish industry needs to redouble its efforts to ensure that local services are high quality and meet people's needs. Local authorities and regional transport partnerships support that work by providing bus priority measures, transport interchanges and effective ways to cut journey times.

As flexible, cost-effective and high-occupancy vehicles, buses promote and provide sustainable mass transport, reduce congestion and promote economic growth and social inclusion. I agree with what Colin Fox said about that. Buses achieve that by providing links that enable people to get to and from employment and to access shops, leisure facilities and public services.

Buses are the principal, most frequently used and most widely available mode of public transport. The public sector contributes to their financing and to bus and road infrastructure.

As several members said, Scotland has successful and innovative bus companies and has the headquarters of two major transportation companies that have interests not just throughout the UK, but throughout the world. That should be a sign of some success. Kenny MacAskill's assessment of Lothian Buses was fair. Other members mentioned the national awards that it has won—it has not just won Scottish awards—as a bus operator. The company is successful and I give due credit for that success.

Over Scotland as a whole, we have seen passenger numbers grow in recent years. Local bus services carried 477 million people in 2005-06, and passenger numbers have grown in six of the past seven years, giving an increase of 13 per cent over the figures for 1998-99. Under the current arrangements, the provision of local bus services is generally a matter for individual bus operators, which use commercial judgment on service routes and frequencies. The issue of commercial judgment has been raised by members of all parties this evening. Colin Fox clearly does not like that approach and calls for local authorities to be allowed to regulate bus routes and timetables. Mark Ballard also made that point. That option is already available to local authorities.

Let me deal with a point that David McLetchie made. Under a quality contract, a transport authority could determine what local services should be provided and could specify routes and the standard and quality of services and fares. I take the point that was made about the Local Government and Transport Committee's report of a year or so ago. There are many reasons why no transport authority has produced proposals for a quality contract. The procedure is inevitably complex, as it would involve controlling a market that is currently open to any operator. That complexity will be addressed as we implement the bus action plan. We have discussed the matter with the industry.

Where there are concerns about fares, frequencies and the level of services, the powers to address matters already exist. Fares and frequencies can be addressed through quality contracts, and councils can support routes with low patronage if they see them as socially necessary. We do not need full regulation to tackle such problems in the bus market; we need to use and refine the existing framework.

Colin Fox also demands free transport. It is fair to reflect on the cost of that and on the point that Mr MacAskill made about priorities. I had the

figure of £500 million in mind, but I respect Colin Fox's figure of £1.3 billion. As Mr MacAskill said, there are choices to be made in local government and in national Government, and those moneys could not then be spent on schools, hospitals or tackling crime. Government is about determining priorities; I hope that Mr Fox will reflect on that.

We need a comprehensive bus network in which sustainable bus services are delivered to a high quality. Our bus action plan sets out to deliver on that vision. It identifies the fact that a step change is needed in the quality of bus services and the associated infrastructure if we are to meet the needs of current bus users and, importantly, if we are to attract more people out of their cars.

There are high-quality services in many parts of the country. However, to make buses more attractive we need better road layouts to get them through congested areas quickly and make the bus the vehicle that gets people where they want to go on time. If bus services are to meet people's needs and attract passengers from the car, action is required on three fronts. Transport planning must be more effective; the bus industry must develop, innovate and respond to local people's needs; and where buses or companies are failing, we need effective implementation of the regulatory regime. The 17 action points in the bus action plan are designed to achieve that change.

The national transport strategy sets three strategic outcomes: improvements in journey times and connections; reductions in emissions; and improvements in quality, accessibility and tackling affordability. Buses have huge potential to address each of those outcomes. The Government does not believe that all bus routes and timetables should be regulated by local authorities; we believe that no one size fits all and that different solutions apply in different places. That has been mentioned this evening.

I am confident that the actions that are set out in the bus action plan will improve the experience for bus passengers and that they are the starting point for a major drive on buses over the next few years.

Meeting closed at 17:54.

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