



The Scottish Parliament
Pàrlamaid na h-Alba

Official Report

MEETING OF THE PARLIAMENT

Thursday 9 September 2010

Session 3

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Scottish Parliament

Thursday 9 September 2010

[The Presiding Officer *opened the meeting at 09:15*]

Independent Budget Review

The Presiding Officer (Alex Fergusson): Good morning. Our first item of business this morning is a debate on the independent budget review.

09:15

The Cabinet Secretary for Finance and Sustainable Growth (John Swinney): I thank the members of the independent budget review panel—Crawford Beveridge, Sir Neil McIntosh and Robert Wilson—for their thorough and insightful report. Over a short period of time, they have developed a substantial commentary on Scotland's public finances. They have done us a great service through their work; I hope that Parliament will join me in commending the approach that they have taken.

The IBR report provides us with a frank assessment of the financial challenge that we face because of shrinking income from the Westminster block grant and rising spending pressures. That challenge has implications for Government, Parliament, the broader public sector and the people of Scotland. That is why the Scottish Government is leading a comprehensive debate across Scotland to establish where agreement about the panel's conclusions lies among the people and Parliament. That debate is an essential part of preparing the Government's budget.

The scale of the financial challenge is extraordinary, but the IBR report provides an independent commentary on a wide range of issues that members may wish to cover today, including efficiency, public sector pay and staffing, how and to whom we make available public goods and services, capital spending and the shape of the public sector in Scotland. I assure Parliament that the Government is listening to views from across the political spectrum and across the communities of Scotland in working to achieve consensus in the Government's budget. There are serious topics for discussion, and it is important to have the opportunity to debate them in Scotland's Parliament.

Jeremy Purvis (Tweeddale, Etrick and Lauderdale) (LD): If the cabinet secretary receives representations from businesses with regard to the rates burden as a result of increases

to their bills, will he have an open mind on the issue, or is his mind closed?

John Swinney: The Government has taken its decisions on the rates revaluation issue. Parliament has debated the issue on a number of occasions. On all those occasions, it has accepted the Government's view that we should not introduce a transitional relief scheme. In fact, the business rates position delivers a saving of more than £200 million because of the Government's decision to link the rate poundage in Scotland to that south of the border. That benefit is in addition to the small business bonus scheme and the other reliefs that the Government provides, which total more than £2.4 billion of assistance to the business community over the period of the revaluation. The Government's commitment to the business community is clear from the measures that we have taken.

I remind members of the financial position that we face. Until the comprehensive spending review reports on 20 October, we will not know what Scotland's budget settlement for 2011-12 and the years beyond will be. However, it is clear that we are entering a period of significant fiscal consolidation. By 2015-16, the current United Kingdom Government will have implemented a combination of tax rises and spending cuts worth £128 billion, two thirds of which was inherited from plans by the previous UK Government. Based on information in the chancellor's June emergency budget, the Scottish Government's chief economic adviser has forecast that the resources controlled by the Scottish Government could contract by some 3.3 per cent per year on average in real terms over the next four years.

The chief economic adviser's analysis sets out long-term public spending forecasts. Where annual figures are included, those are much more sensitive to a range of economic factors and, crucially, to the nature of the UK Government's decisions about public spending in any given year. For example, if the United Kingdom Government announces in the comprehensive spending review significant changes to its policy on taxation, to spending on defence or welfare, or to its funding allocations to the health service or other public services, any or all of those measures could have a major impact on Scottish budgets as a result of the operation of the Barnett formula, even though the long-term reductions in public spending at UK level remain more or less unchanged. For that reason, we simply cannot be sure of Scottish spending figures until after the results of the CSR have been announced. It would be foolish to set a budget on anything other than the definitive sums of public money that will be available in the next financial year.

However, we can estimate the potential level of funding that is available. The Scottish Government's current assessment of the estimated Scottish spending figures includes projections of a £3.7 billion real-terms reduction in the Scottish departmental expenditure limit budget between this year and 2014-15. We estimate that a reduction in one year of £1.2 billion in public spending in cash terms and of £1.7 billion in real terms is in the nature of the challenge that we face in 2011-12. To put those figures into perspective, they are roughly equivalent to the totality of the annual budget for the Scottish Government's justice portfolio and around twice the size of our rural affairs and environment budget. The projections for capital spending alone—which are for a reduction of £500 million to £600 million—come close to around 20 per cent of the Scottish Government's total capital budget, at a time when capital spending can play a significant role in supporting jobs and economic recovery.

I stress to Parliament that there remains significant variation around the figures that I have given, due to the impact of individual Whitehall departmental budget agreements. As we all know, those departmental budgets are still being fought over as we speak. However, although we must wait for the details of the comprehensive spending review to establish a final position, the scale of the chancellor's cuts is absolutely clear. At the same time, demographic and other pressures are increasing the demand for some key public services and, therefore, their costs.

In framing our choices around the budget, we must consider the views of the independent budget review panel but must also take into account the latest information that we have about the economic recovery, both here in Scotland and more generally across the United Kingdom. The recovery remains fragile and the position of our labour market remains particularly challenging. The UK Government's plans will see the longest and deepest period of cuts to spending on public services since at least the second world war. That is why we have argued so strongly that the approach that the chancellor is articulating involves cutting public spending too far and too fast. There is a danger that a downturn in public sector activity will come at a time when it is not certain that other sectors of the economy have the capacity to offer alternatives to those who are looking for work. Similarly, the public sector is a major customer for the goods and services that the private sector provides.

Jeremy Purvis: For nearly seven minutes, the cabinet secretary has told the chamber about assessments and analysis that the Scottish Government has carried out. What is the Scottish Government's position on what the current level of

borrowing and, therefore, debt in the UK should be?

John Swinney: I have said to Mr Purvis in a number of answers to parliamentary questions that we believe that the United Kingdom Government should reduce the fiscal deficit at a slower rate than it is currently doing. That is essential to ensure that we balance the interests of the private and public sectors.

Our scope for managing the financial challenges that we face would be greatly enhanced were Scotland to have greater fiscal powers.

Robert Brown (Glasgow) (LD): Will the minister give way?

John Swinney: I am making progress on my speech.

Parliament can play its part later this year, when the Scotland bill is published at Westminster. When it is, we must work together in Scotland's long-term interests to ensure that the flawed Calman commission proposals do not put our public finances at risk. I would also welcome Parliament's support in making the case for effective borrowing powers for Scotland. The bleak financial outlook brings that case into ever sharper focus. For example, each £100 million increase in capital investment funded by borrowing is estimated to support approximately 1,500 jobs in Scotland.

However, over the months to come, we must operate within the fixed financial envelope that the United Kingdom Government gives us. We will do all that we can to advance Scotland's interests through the levers that are currently at our disposal, including the power of argument with Her Majesty's Treasury on issues such as fossil fuel levy revenues—on which Mr Scott responded positively yesterday—and spending on the Olympics.

George Foulkes (Lothians) (Lab): The cabinet secretary says that he will do everything possible with the levers that are at his disposal. He will recall that there was a second question in the referendum that set up the Parliament, which gave us powers to increase the level of income tax by 3p in the pound. What is preventing him from doing that?

John Swinney: Clearly there are choices to be made about whether to use the Scottish variable rate of taxation. What the Parliament would have to judge on that question—and the Government's position is not to use the Scottish variable rate—

George Foulkes: Why not?

John Swinney: Because citizens in our country are already facing dramatically higher taxation as a consequence of decisions of the United

Kingdom Government, repairing the financial damage delivered by the Government that Lord Foulkes supported. If Lord Foulkes wants to argue for the use of the Scottish variable rate, he is of course free to do so, if that is the Labour Party's position.

George Foulkes: Will the minister take one more intervention?

John Swinney: If that is what Lord Foulkes is going to confirm, I will allow him to do so on the record.

George Foulkes: I am grateful to the minister. Where does he think that money comes from for Governments to spend, other than from taxation? In this instance, he has the power, if he wants to use it. Does he just want to use the product of taxation of English people?

John Swinney: My appetite has been whetted for the stance of members on the Labour Party's front bench in the debate. I will be intrigued to see whether they share the enthusiasm for the use of the Scottish variable rate that Lord Foulkes is demonstrating. I thought that it was just the council tax that was going up, but now income tax is going up, too.

Against the background that I have set out, we established the independent budget review panel in February. Although the primary response to the review will come in the Government's draft budget in November, we have already responded to a number of the key points and recommendations in the IBR report. I will say more today about the contents of the report.

Our response has been designed to create the appropriate space and opportunity for a wide debate on the questions that the review raises and to enable the Government to establish consensus on how we can formulate an agreed budget.

The IBR recommends no less than a 2 per cent efficiency requirement beyond the current financial year and we have confirmed that that is what we intend to pursue. We will announce details of our future approaches to efficiencies in November.

We welcome the IBR's recognition of the strongly held view that water services should not be subject to privatisation. We believe that Scottish Water, which is performing extremely well, should remain under public ownership. We will take forward the recommendation to reduce the number of public bodies, utilising the powers created by the Public Services Reform (Scotland) Act 2010, with a view to removing duplication and delivering further rationalisation of public bodies.

The IBR report comments on a number of policies, goods and services that we provide to the public and it is right to do so. We have made clear

in our response to the IBR that a number of policies will be priorities for the spending review.

We remain committed to the eligibility criteria for free personal care in Scotland and to the eligibility criteria for concessionary travel in Scotland into the bargain. Our preference is to retain the council tax freeze at a time when many households are still feeling the effects of recession. However, we acknowledge that there are a range of views and we are consulting accordingly, particularly with our local authority partners.

We have also made it clear that we hugely value the role that the national health service plays in Scotland, in terms of the health and wellbeing of our people, the support that it offers the most vulnerable in our society and the contribution that it makes to the performance of Scotland's economy. We will therefore apply any Barnett consequential arising from the protection given to the health service by the UK Government to the health service in Scotland.

We also share the IBR's views on the importance of continuing to scrutinise the role and shape of the public sector in the long-term interests of Scotland's public finances and the quality of the services that we provide. We must keep up the pace on public service reform. As the IBR suggests, that debate must involve the private and third sectors, and the users of our services, too. That dialogue is actively under way.

The IBR also confirms the value of many of the measures that we have already set in train to deliver savings and maximise efficiency, equipping us well for the challenges ahead.

Since 2007, we have relentlessly pursued greater efficiencies. We exceeded our target in 2008-09 by some £300 million. We are in the process of collating the 2009-10 outturn and we are confident that we will exceed the target of £1.069 billion. Our efficiencies target for the current financial year is £1.6 billion.

We have streamlined the public sector and will, by next year, have reduced the number of public bodies in Scotland by 25 per cent, delivering estimated net savings of around £125 million by 2013 and recurring annual savings of around £39 million thereafter.

We have acted to obtain savings through better procurement and by reducing the scrutiny burden. The IBR has endorsed our search for better value in capital spending through the Scottish Futures Trust, which, as it announced two weeks ago, has delivered more than £100 million in benefits and savings to infrastructure investment in Scotland in 2009-10. That work is crucial when future capital spending is under such threat.

Jeremy Purvis: Will the cabinet secretary give way?

John Swinney: I have more to say. I have already given way twice to Mr Purvis.

Following the publication of the UK spending review in October, further difficult choices will be required on capital spending. It will be vital for colleagues across the chamber to work constructively to develop a positive consensus on the way ahead.

We have also looked at our own operations, making substantial savings in administration, marketing, publishing and travel, and further work will be undertaken to deliver efficiencies in that respect.

We have adopted a prudent approach to public sector pay, starting at the top by freezing ministerial pay for a second year. Senior civil servants' pay is being frozen in 2010-11. Uniquely in the United Kingdom, in 2009-10 and again this year we have asked the chief executives of public bodies to waive any bonuses to which they might be entitled. The Deputy First Minister has led the way in pressing for a review at the UK level of the NHS distinction awards, which is now under way. For the past three years, we have progressively tightened our stance on public sector pay policy in general. We will need to have further and more acute public sector pay constraints, given that 60 per cent of our cash costs are in staff salaries. Our approach to pay will be set out alongside the draft budget.

We have clamped down on public sector bonuses and set a cap on total staff numbers in post in the core Government this financial year, as well as establishing an early severance programme that will reduce our running costs in future years. Similar schemes are in operation elsewhere in the public sector, such as in the Scottish Environment Protection Agency and Scottish National Heritage. Local government has of course taken tough decisions on its pay bill.

We have established a presumption against external recruitment, strict controls on head-count numbers and robust limits on the use of consultants, all of which are managed within strict financial controls.

Duncan McNeil (Greenock and Inverclyde) (Lab): I have listened with interest to what the cabinet secretary has had to say. How will the Scottish Government look after areas such as mine to ensure that they are not disproportionately affected by all this? Such areas have high dependency on public sector jobs and traditionally have had higher levels of unemployment and lower levels of pay than the rest of Scotland. How will my community be protected from the general approach to this economic crisis?

John Swinney: I recognise all the issues that Mr McNeil raised. As part of the work that we undertake in the budget, the Government will take particular care to ensure that in three important areas—economic and social impact, equalities and carbon assessment—we scrutinise the cumulative impact of any decisions at which we arrive. The issues that Mr McNeil fairly raises on behalf of his constituents will be at the core of the analysis that the Government undertakes of the impact of its decisions. In terms of the Government's purpose and addressing the long-term inequalities that exist in Scottish society, we must be fully mindful of our obligation to ensure that we do all we can, in all areas of Scotland, in a tough financial climate, to address some of those challenges.

On all the issues that I have raised about pay and staff numbers, the Government is involved in and will take forward detailed discussions with trade unions to ensure that we operate in a collaborative and co-operative fashion.

I have given Parliament a comprehensive assessment of the issues raised by the IBR and I have set out a number of areas where the Government is actively taking forward the conclusions of the review. I look forward to colleagues across the political spectrum sharing with Parliament their thoughts and reflections on where the IBR proposals can be addressed and what action we can take.

I will make a few remarks on public engagement before I close. The nature of the challenge that we face means that we must actively involve members of the public in dialogue and debate about the issues. We published the IBR report on the Government website and invited members of the public to offer their views. There have been more than 30,000 hits on the website and wide-ranging comments and suggestions have been made.

As part of our summer Cabinet programme, we discussed the IBR report at a series of public events around the country, which stimulated lively debate with some 800 members of the public. We are taking forward a programme of meetings in locations across Scotland, with the help of community planning partnerships. I was in Livingston on Tuesday night with Crawford Beveridge and Alex Linkston, the distinguished and soon-to-retire chief executive of West Lothian Council, to discuss the issues with a range of stakeholders. There will be further ministerial events around the country, to engage different stakeholders and members of the public.

We are, of course, directly engaging with delivery partners, including the Convention of Scottish Local Authorities, NHS boards, the higher and further education sector, the trade unions and

many others. Of course, the dialogue with the Parliament and its committees is of enormous significance in arriving at a budget. I am meeting the finance spokesmen from each political party and Margo MacDonald. We had a first meeting at the end of August and we will meet again shortly. As a basis for that discussion, I intend to provide as much financial information as I can, to assist colleagues in participating in the process.

The independent budget review has raised many challenging issues about the financial landscape that we face. The Government is determined to address those issues in a fashion that will lead to the formulation of a budget that can command consensus in the Parliament.

09:36

Andy Kerr (East Kilbride) (Lab): Like the cabinet secretary, I thank the people who provided us with the report of the independent budget review, which we debate today.

I must be honest. I did not hear from the cabinet secretary much that was new on the Government's position, which is disappointing. We seem to be having another conversation, which is another method whereby the Government avoids making decisions and bringing forward specific proposals on the many challenges that are set out in the report. In a debate such as this, we should be scrutinising Mr Swinney's proposals for balancing Scotland's books, but that is not possible because he refuses to bring forward such proposals.

Local authorities, health boards, voluntary organisations, quangos and the business community in Scotland are making or are about to make decisions, and there are decisions on pay arrangements at UK level, but the Scottish National Party Government is a decision-free zone. That is due to the lack of the budget that should be available to us. Even the most uninformed observer knows that the Parliament faces the biggest challenge that it has ever faced, but the Scottish Government is not leading but running away. It ran away on the local income tax, it is running away on the referendum and it is running away from its own budget.

Yesterday, Alex Salmond tried to excuse his lack of leadership and concrete proposals by referring to

"calls for some kind of back-of-the-envelope budget".—
[*Official Report*, 8 September 2010; c 28246.]

Mr Swinney spent some time on the defensive in that regard. Alex Salmond clearly has no faith in the work of his chief economic adviser, Dr Andrew Goudie, or in Mr Swinney's views. Mr Swinney said that he is engaging with the Scottish public and meeting trade unions and business

organisations on the basis of a forecast that the budget will shrink by some £3.7 billion in real terms during the next four years. Is that a back-of-the-envelope calculation? I think not. Either Mr Swinney is misleading the Scottish people or, as I think is the case, he has the basis for a draft budget. None of the caveats that he made in his speech has been made before in relation to the crucial and well-known budget figures that could enable us to begin the conversation that we should be having.

John Swinney: Mr Kerr is a former finance minister and will therefore understand the point that I made, which was that the calculation of a precise budget figure in Scotland is dependent on the setting of budgets by a plethora of UK Government departments and the subsequent Barnett formula calculations. We have given an estimate of the direction of travel of the budget. If we were to set a budget on one basis, only to find out a couple of months later that the budget was different, would not that be a recipe for confusion about public services and public expenditure in Scotland?

Andy Kerr: No, it would be a recipe for providing the rest of Scotland with an insight into what the Scottish Government thinks are the responsible actions that it should be taking. Mr Swinney is the Cabinet Secretary for Finance and Sustainable Growth. He leads a large team of civil servants and it is his duty and responsibility to open up the debate on how we should handle the challenge of the budget.

As I said, we face extraordinary circumstances. It would not be extraordinary for the cabinet secretary simply to reflect on his projections, Dr Goudie's projections, the Centre for Public Policy for Regions projections and all the other projections that are available to us and then to bring forward a draft budget. If he does that, I will be the first person to say that we understand and appreciate that the budget is based on projections—[*Interruption.*] The projections are based on educated insights. I think that Mr Swinney can calculate his budget to within £200 million—less than 1 per cent of the total. Therefore, in these difficult times, it is his duty and responsibility to do so.

I am not calling for crystal-ball budgeting, as the First Minister suggested yesterday. It will not take Mystic Meg to work out what is going on and allow us an insight into the Government's proposals. Councils and health boards throughout Scotland are making decisions, and the UK Government has made decisions on pay. Quangos and other organisations are managing to make concrete proposals. Why is it that the only decision-free zone—the Bermuda triangle of budgeting—is around Mr Swinney? We all understand that these

are straitened and difficult times, but the earlier the debate can take place, the better the dialogue that we can have and the decisions that we can make. We simply do not have the opportunity for dialogue at the moment.

David McLetchie (Edinburgh Pentlands) (Con): When will the Labour Party come out of its Bermuda triangle and tell us how it proposes to repair the damage to the public finances that was caused by its Government?

Andy Kerr: I will come on to that, because I intend to spend some time on the issue. However, let us consider what the Tories said in opposition and what they are doing in government. We all remember Andrew Lansley saying that the NHS would be safe in the Tories' hands, but what is he doing to the NHS now? We will take no lessons from Mr McLetchie about honesty and clarity before elections.

In yesterday's debate, Edwin Morgan's line about the Scottish people was quoted:

"A symposium of procrastinators is what they do not want",

but Mr Swinney and the SNP Government are procrastinating.

The Minister for Parliamentary Business (Bruce Crawford): Is Mr Kerr aware that the Labour-led Welsh Assembly Government proposes to publish its budget around 18 November? If that is okay for Labour in Wales, why is it not okay for the SNP Government in Scotland?

Andy Kerr: My view is that we should have greater dialogue and discussion in such straitened and difficult times. If discussion is not based on a draft budget from the Government, it can be based only on the back-of-the-envelope, Mystic Meg projections that Mr Swinney says are somehow of no purpose in the debate.

On Mr McLetchie's point about the budget deficit, I quote from paragraph 2.4 of the IBR report:

"The worldwide recession that began in the United States in 2008 and quickly swept through global financial markets, threatening the collapse of several of the UK's largest banks, has created severe budgetary pressures for many governments (both national and regional)."

Mr McLetchie should note that those are not my words. The IBR does not lay the responsibility squarely at the door of the Labour Party. Indeed, it was Labour that led the international response to the global recession. Our actions saved not just many Scottish banks but as many jobs as possible in those banks. It was about securing the hard-earned savings of the people who invested in and had mortgages with the banks, and it was about securing the financial system.

Given what Mr McLetchie said about damage to public finances, which Mr Swinney also mentioned, we might suspect that he thinks that Labour should have followed the Tories' strategy in the crisis, which was endorsed by no economic commentator of regard. The measures that the Labour Government took were recognised then, are recognised now and I think will be recognised in future by economists as exactly the right decisions in the face of a global recession that began in the United States housing market and spread throughout our financial institutions.

The UK Labour Government pumped money into the economy at exactly the right time. We did that to protect jobs, to support household finances, to stop the banks collapsing, to subsidise mortgages, to cut VAT, to fund new apprenticeships, to give cash incentives to buy new cars and to support viable businesses. We postponed tax payments, we brought forward public spending and we introduced quantitative easing by the Bank of England. We fought back; we did not sit back, as the UK Tory Government has done and as the SNP Government is now doing here in Scotland.

I remind Mr McLetchie of some of the facts about the recession. The result of our action was that unemployment, repossessions and business failures were less than projected and were massively less than during the Thatcher recessions, when the Tories chose to wash their hands of any economic intervention on behalf of the people of the UK. The latest growth figures are a vindication of Labour's response to that recession, but we are now seeing a reversal of that under the current Lib Dem-Tory Government. The country was moving in the right direction, with economic growth recovering and projected to continue to recover and unemployment improving and projected to get even better. Under the Tories—with the aid of the Lib Dems, who jumped into bed with them after leaving their principles at the bedroom door—that whole recovery is being put at risk.

Jeremy Purvis: Will the member give way?

Andy Kerr: I will in a minute.

However, I support Mr Swinney on this point, which is that the Tory-Lib Dem Government—*[Interruption.]*

The Presiding Officer: Order. One moment, Mr Kerr. I remind members that they cannot have conversations across the chamber.

Andy Kerr: As Mr Swinney pointed out, the Tory-Lib Dem Government has embarked on the longest, deepest and most sustained period of cuts in public services. We now have a Chancellor of the Exchequer, supported by the Liberal Democrats, who believes that he can slash public

spending, raise VAT, cut benefits, take billions out of the economy and out of the pockets of the people of Britain and Scotland and cut thousands of public sector jobs and private sector contracts before the recovery has been sustained.

Jeremy Purvis: Does Mr Kerr, like me, agree with Alistair Darling's recent comments that he now regrets not taking stronger and more proper action on the banks in this country?

Andy Kerr: I am not sure what the member means by that, because strong and proper action was taken by Labour. On the issue of banking regulation, although Mr Mather—I see that he happens to be present in the chamber—is always going on about Labour's rush to the bottom in regulation, both Mr Swinney and Mr Salmond are on record as arguing, as did the SNP manifesto, for the removal of the gold plating of regulation in financial services.

On the subject of party-political manifestos, let me refresh Mr Purvis's mind by reading from page 15 of the Scottish Lib Dem manifesto:

"We must ensure the timing is right. If spending is cut too soon, it would undermine the much-needed recovery and cost jobs. We will base the timing of cuts on an objective assessment of economic conditions, not political dogma."

However, the Tories and the Lib Dems have now got together behind the political dogma of shrinking the size of the public sector because the Lib Dems have bought into the ideology of the Tory party. That can only create a further crisis within Scottish public services and beyond.

Let us not forget about the accelerated deficit reduction plan. The UK Government's plan aims to deliver £4 of spending cuts for every £1 of tax increases. Labour's proposal was to change that balance so that there would have been £2 of spending cuts for every £1 of tax increases. That would have radically shifted the approach to deficit reduction in a more appropriate, practical and humanitarian way.

David McLetchie: Does the member care to tell us what elements would be included in his £2-worth of spending cuts?

Andy Kerr: We have said, and we will continue to say, that we need to deal with public sector pay. I understand entirely the need to ensure that we reduce that cost within portfolios. However, what I and everyone in the Parliament wants to see is the Government's response, so that we can have an informed debate on some particular measures. That is not to say that the decisions that we would have made would have been less painful, but the current situation is that the Scottish Government will not say what it will do so we cannot debate those very important issues. I repeat my principal point that today's debate will not take the Scottish people or the Parliament any further forward

because the Government should have, but has not, published its proposals.

Angela Constance (Livingston) (SNP): I remind Mr Kerr that the Scottish Government has made very clear its commitment to the funding of health services. Will he confirm that his position is that he would pass on Barnett consequential to health?

Andy Kerr: The SNP Government's position is very clear in the 4,000 jobs, including those of 1,500 nurses, that have been lost from the health service. The position will be clear to those health service workers who are losing their jobs. However, Mr Swinney and Ms Sturgeon have been somewhat separate on those matters recently, with the Sturgeon position favouring ring fencing and the Swinney position favouring the protection of the Barnett consequential. I am happy to endorse my party's position, which is that we would ensure that the Barnett consequentials are delivered to health in Scotland. I have no difficulty with that at all. Of course, with a budget that has grown by £1 billion over each of the past three years and with £1.5 billion in reserves, we would not have made 4,000 NHS workers redundant, including 1,500 nurses. That is simply a shocking indictment of the handling of the Scottish public services by this SNP Government.

We face the double whammy of accelerated cuts at UK level at the hands of the Tories and the Liberal Democrats and the mismanagement of our finances here in Scotland by the SNP. The cancellation of the Glasgow airport rail link, the fact that our unemployment rate stands higher than that of the rest of the UK and the 30,000 jobs that have been lost as a result of the Salmond slump are additional negative factors that, in respect of the management of the Scottish economy, will affect our ability to grow our way out of this very difficult situation.

I return to the principal point in today's debate, which is that, yes, hard work has been put in by those who were involved in the preparation of the IBR report, but the report only goes so far. We have not yet received the Government's detailed response to each recommendation that is contained in the report. We need that information to inform Parliament and beyond about how we respond to the recommendations. As I said consistently before and during the summer, the Scottish Government has the information available that would enable it to publish its budget. We know that, the people know that and the Government should know that, so the Government should publish its budget now to allow that debate to take place. As Mr Swinney occupies the position of finance secretary, it is his duty and responsibility to deliver that budget to us—

Duncan McNeil: He has got the car and the salary for it.

Andy Kerr: As my colleague reminds us, Mr Swinney receives a car and salary for his position.

If Mr Swinney seriously expects the Opposition spokespersons—this is a genuine point, which I have put to him privately as well as publicly—to sit round the table and engage in serious discussions on building that big-tent consensus, he needs to do better in making clear his intentions for the budget and his position on each of the recommendations in the IBR report. That is the only way to build consensus and to allow effective discussion to take place. We are happy to take part in that decision-making process.

From the outset, we have placed fairness and economic growth at the heart of every decision that we would take. At the end of the day, the key test is what the effect is on the people of Scotland rather than on head counts or salaries. The budget should be about jobs and livelihoods, about how people feed their kids and about how they pay their mortgages. We need to ensure that we respond responsibly to those issues. We will engage in that debate, but I again make this appeal. No one in Scotland who reads over today's debate will be any further advanced or have any greater information on how the Scottish Government intends to approach those challenges. Only when we have that information will we be able effectively to take part in the decision-making process.

I remind members that every family is faced with the challenges that face the Parliament and the Government. There is no excuse for Government, either north or south of the border, to pursue policies that increase the scale of concern, worry and unemployment among our people. We need to work together, but we can do so only on the basis of information and of equal treatment and fairness. If he wants to build that big-tent approach, I suspect that the cabinet secretary will need to do better than he has done today.

09:54

Derek Brownlee (South of Scotland) (Con): What we debate today is much more important than the content of yesterday's debate on the Government programme. The impact of the spending decisions that this Parliament and the Government take will touch the lives of every family in Scotland in the years ahead. The shadow of spending cuts looms across every policy area and will be the backdrop to debates in the Parliament for not only the remainder of this session of Parliament, but the following term and perhaps beyond.

I will not pretend that dealing with the spending reductions will be easy or pain free; it will be neither. It is also important not to paint too bleak a picture. Spending will fall, but it will still be higher in real terms than it has been in most of the years for which the Parliament has been in existence. Difficult as it will be, we should not doubt the capacity—with political will and innovation in the public services—to deliver more of the services that we want to deliver than a bare extrapolation of spending cuts might suggest. In some areas—I do not pretend in all—we will be able to deliver more for less. That is a good thing.

It would be wrong to pretend that future Governments of any political complexion will be able to fund everything that has been provided in the past. There will have to be savings: some existing services will disappear; others will be reduced in scale or ambition. Of course, none of that is easy or popular to say, but it is true, as the report makes it clear. We should thank the members of the review team for their work and for the honesty with which they brought forward the report. Indeed, there would have been no Beveridge report if we had not made that a condition of Conservative support of the budget earlier this year. The review means that no party on any side of the chamber can expect to face the electorate next May without having seen their future plans tested against the benchmark that is set out in the report. At last, there is a public debate on what we can afford and where we should prioritise.

The review document is uncomfortable reading for everyone. That said, it is better to confront uncomfortable and unpalatable choices sooner than leave them to fester and become even more difficult. Of course, that is the rationale for tackling the deficit. It is the underlying reason why devolved spending in Scotland must fall. Indeed, spending would have fallen even if Labour had won the election or if the First Minister had managed to secure an even more improbable coalition than the one that is currently in Downing Street. With a few exceptions that are limited to the SNP front bench and the Labour leadership contenders, we are all deficit hawks now. Some of us were deficit hawks pre-election, too. Others, such as former Prime Minister Tony Blair, have been on a journey and now accept the need to tackle the deficit.

Yesterday, we heard the argument from the Government benches that the choice is between reduced public spending and independence. We need only look across the Irish Sea to see that that is nonsense. The choice is not whether to spend less, but where to spend less. We all know that spending reductions are politically unpopular. That is why this year's budget and the spending review will be the biggest test of the SNP Government.

Equally, as I have said before, it is a challenge for the Parliament, including for those of us in opposition. If the Parliament, collectively, and our parties, individually, fail to face up honestly and openly to the challenges that the spending cuts will present, we will have let down those who elected us. We have a choice: we can descend into a partisan rabble and confirm the very worst prejudices of those who dismiss this place as a second-rate talking shop, or we can try to find some common ground on a long-term solution to take us through the current difficulties and justify some of the hope and confidence that some people once had in the Parliament.

George Foulkes: Does Derek Brownlee accept that there is a genuine difference between party rabble and a genuine difference of opinion? Where there is a genuine difference of opinion, it is our responsibility to get up and say it.

Derek Brownlee: Absolutely, but the obligation on us all is also to try to find a solution. That is the difference. We can have a debate, but we must all try to get to a solution at the end of the day. We can find that common ground only by talking. The Conservatives will take part in any cross-party talks on this year's budget and the spending review.

In the remainder of the time that I have available to me, I will set out our initial thoughts on where things should go. I said earlier that the report made uncomfortable reading for all of us. I will start by addressing one such area. It is crystal clear that the review does not believe that any portfolio should receive the protection or ring fencing that we advocated for the national health service. We knew before the review that advocating protection of the NHS budget would force other spending areas to take a higher share of the cuts. Although the review says that it could find no compelling reason to protect health, we see one overriding that is based on sound finance and on the attachment that we all have—individually and collectively—to the NHS and what it delivers for us. The reason is this: inflation in the health service has always run much faster than general inflation did. No Government since the creation of the NHS has ever managed to eliminate that trend. It will always be more difficult to make spending reductions in the NHS than elsewhere, even although there are some areas in which savings can undoubtedly be made. Our view is that the savings will probably need to be recycled within the NHS to deal with the pressures from demographic change, medical advances and public expectation.

Even if we were to preserve the health budget, we would still face difficult issues in terms of prioritisation within the budget and how to deliver better outcomes at a time of what will be, in

historical terms, very low increases in NHS spending. That is why we remain of the view that the Government is wrong to try to abolish prescription charges and why we opposed two of the three previous reductions.

Elaine Smith (Coatbridge and Chryston) (Lab): Surely all services could have been protected if George Osborne had kept his pre-election promise to keep to Labour's public spending, if and when elected. Does the member accept that there are other choices? Given that the top 1 per cent of the population own a quarter of the wealth, why do we not just tax the rich?

Derek Brownlee: The member's Government chose not to do that. Her Government set out spending cuts that Alistair Darling said would be faster and deeper than Thatcher's. We have to get into reality here.

Protecting the health budget should not happen lightly. Speaking bluntly, the price of protecting any budget or, in some cases, the price of a budget remaining, must be reform. Whether it is the health service, police, local government or any other part of the public service, we should make it absolutely clear that no one should expect to continue as if we are in a world of ever-rising spending. We need to look at working practices, structures and prioritisation of every part of the public sector. No group should think that it is exempt from that; all of us have a duty to the taxpayers to ensure that every part of the public sector plays its part in reforming to meet the challenge of providing public services in an environment of overall lower public spending.

I turn from one uncomfortable area to another. The concessionary fares scheme is valued by many people across Scotland. In some ways, it has become the third rail of politics. For me, the single most uncomfortable part of the report is not the various options that were trailed on how costs could be controlled—unpalatable as they were—but the scale of the projected increase in spending on the scheme from £180 million today to £290 million in four years' time if nothing changes. Surely no service can sustain that level of increase at a time of falling resource. Some of the increase is due to demographics—we have an ageing population—and the inevitable consequences of a demand-led service, but some of it relates to the assumption that costs will just drift higher. The taxpayer provides significant subsidies to bus services in Scotland through the concessionary fares, the bus service operators grant and other local authority support. Surely there must be scope for Government to negotiate on containing costs in future years. Unless that can be done, I cannot see how any Government can avoid introducing restrictions on the current scheme in the medium term. I say that despite what the

current Government promises and what we would all like to see.

John Swinney: Mr Brownlee may not be aware that the Government has negotiated with the bus companies to secure a lower reimbursement rate than the rate that we inherited. That has resulted in financial savings being made without the eligibility criteria or operation of the scheme being undermined. That is exactly the type of methodology that he is talking about, in which the Government is acting to protect services, but doing so in a fashion that ensures value for money and protection for the taxpayer into the bargain—

The Deputy Presiding Officer (Alasdair Morgan): That is long enough, Mr Swinney.

Derek Brownlee: If that could be sustained for the duration of the spending review and beyond, that is fine. My understanding is that the agreement is not for the duration of the spending review. I stand to be corrected if that is wrong.

As we make savings, we need to ensure that cuts in one area do not lead to increased costs in others. For example, it would be a false economy to save money on free personal care if all that that did was to load further costs on to the NHS. We need to look at how we align incentives. In the past, we have advocated unified budgets for social care and health. That would mean that there would be no financial advantage to either the NHS or social care in shifting people from one service to the other. In that way, decisions would be based solely on what is appropriate.

Of all the spending pressures, perhaps the greatest come in capital spending. It is impossible to see how we can avoid the cancellation or delay of some planned capital projects. That is why the review recommendation on the need to prioritise is so crucial. Indeed, we have criticised both the current and previous Governments on that. We believe that the recommendation that the Scottish Futures Trust should have its role enhanced in order to get more from the available resource should be accepted.

I turn to Scottish Water. We believe that it should no longer rely on taxpayer support for its funding; that move would save £140 million a year and generate a large capital receipt that would protect other vulnerable capital projects. If the Scottish Government believes that there is scope for Scottish Water to generate additional income from power generation, that is fine. However, unless Alex Salmond has invented a wind turbine that works only in public ownership, there is no reason why the proposal could not be combined with an end to taxpayer funding of Scottish Water and lower bills for consumers.

Across Government, the single biggest decision that will require to be made will be to contain the

pay bill. There are some who pretend that that can be done solely by cutting bonuses for the well paid or sacking a few chief executives here and there. Those who argue for that either do not understand the public finances or are trying to mislead. As the report makes clear, there is little choice but for pay restraint for everyone, with a recruitment freeze for all but essential posts. That will only mitigate, not avoid, job losses in the public sector. We believe that the UK Government's position of a pay freeze for those earning more than £21,000 is a useful starting point for the debate on pay restraint. The best that we can hope for is that retirements and natural turnover, coupled with pay restraint and a recruitment freeze, can minimise job losses. We reckon that a recruitment freeze would save about £150 million for each percentage point of staff turnover. That is not pain free, but it is much less painful than having mass redundancies, and the public sector should introduce such a freeze as a matter of urgency. If we can do that and also reduce the level of sickness absence—the report highlights the astonishing fact that there is no common public sector reporting on that—we could save significant sums of money.

In the end, fewer people will be employed in the public sector, which will be difficult for individuals and families. That is why we need to make private sector job creation the central priority for the next decade. Yesterday, the First Minister said that the first stage of devolution was over. He was right. Although the spending reductions will be tough, it is for us to decide whether the next phase of devolution is marked by stagnation and economic pain or by new jobs, more opportunities and a more successful Scotland.

Public spending will be constrained in the years ahead, and we have no choice over that. Only if we equate Scotland's future with the level of public spending and only if we believe that we cannot compete in economic terms with other nations should we allow that spending restraint to restrain our ambition. That is the biggest choice that any of us has to make about public spending.

10:06

Jeremy Purvis (Tweeddale, Ettrick and Lauderdale) (LD): I welcome the opportunity to debate the report from the independent review panel today. It would have been a sharper debate, and it would perhaps have focused more attention on some of the options, if it were testing the opinion of Parliament at 5 o'clock on a motion, rather than simply being a take-note debate.

The present context is a confused situation for many members of the public. The language is that of unprecedented cuts and the worst situation since the second world war, as the First Minister said yesterday. In many respects, that is

absolutely correct. As Derek Brownlee has correctly indicated, the context is also shown in the Government's own advice from Dr Goudie, as published in a paper in April: that, even with the worst element of reductions in the Scottish budget, we are going back to the levels of spending of about 2004.

That assessment does not take inflationary pressures into consideration. In some elements of the public sector, such as health, they have a faster effect. That assessment also does not take into consideration the growing pressures on public services or the pressures resulting from the recession. Getting the context right is important for the debate. Most people will be confused when they hear stories about the worst financial situation since the second world war when we are returning to spending levels of only six years ago.

The choices that we need to make now are not simply for next year—they are for the next decade. Sir Neil McIntosh was absolutely right when he spoke about this at the Finance Committee on Tuesday. He said that we now have an opportunity to reshape the way in which we deliver public services. The immediate task is to make an immediate response to the independent budget review. In my and my party's opinion, that must be a fair response. It can take into account some small areas of expenditure within the overall scheme of the Scottish budget. That does not stop us considering bonuses, which have gone up over the past three years. In fact, Liberal Democrats were the first to collate figures on overall bonus spend in the public sector—they had only ever been collated with regard to executives.

The highest levels of pay in the public sector have gone up, whereas staff numbers in many parts of the public sector have gone down. As the cabinet secretary asserted in his speech, the use of consultants and agencies has been reduced, but information that we collated through freedom of information, and which has been reported in *The Scotsman* today, shows that the use of agency staff has gone up by 10 per cent over the past three years, while the head count has gone down in many of the areas concerned. That is not cost effective—it is more expensive.

Over the past four years we have heard about many examples of other countries that we should follow. First, it was Iceland, which appeared in four ministerial blogs as part of the national conversation. It does not appear any more. Then we had Ireland, but then Ireland was no longer the model that we should follow. It was then Norway, with its oil fund—and with its 17 per cent higher basic rate of income tax. Funnily enough, that is never mentioned by the SNP.

Alasdair Allan (Western Isles) (SNP): I note the member's interest in trashing all our European

neighbours. Will he please acknowledge that Norway has been recognised internationally as having one of the highest, if not the highest, standards of living in the world?

Jeremy Purvis: This is entirely my point—the SNP cannot use two examples and tell the public that they should be following Ireland's economic model, which is based on very low corporation tax and property tax, which means that the country goes bust in a recession, at the same time as saying that we should also follow Norway, which has a 17 per cent higher basic rate of income tax. The SNP has got to be honest with people.

I point out that the SNP has moved on, rather rapidly, to Australia. We have heard about a greener-grass approach involving a different country in each year when the SNP has been in office. Now, we must focus on this country.

I strongly agreed with the Cabinet Secretary for Finance and Sustainable Growth in one area. In his statement to the Parliament on 23 June in response to the UK emergency budget, he said:

“net borrowing this year is forecast to be £149 billion, or 10.1 per cent of gross domestic product. That is the highest rate of borrowing in the G20.”

Recent reports from the Organisation for Economic Co-operation and Development consider Portugal and the fiscal situations in Greece and Ireland, and they show the seriousness of the situation. John Swinney was right to say that the UK has

“the highest rate of borrowing in the G20.”

He added:

“That is an unprecedented challenge, and a period of fiscal consolidation is inevitable.”

The finance secretary went on, however—and this is what was seemingly ignored by the First Minister yesterday. John Swinney said this on 23 June:

“The Scottish Government agrees that there is a clear need to deliver sustainable public finances and to set out a credible consolidation plan.”—[*Official Report*, 23 June 2010; c 27564.]

A “consolidation plan” is cuts. To have no cut in the Scottish budget was not an option for John Swinney in June, but it was the only option for the First Minister yesterday.

John Swinney: Will Mr Purvis give way?

Jeremy Purvis: I will in a moment—I think this might be the point that the cabinet secretary wishes to come to.

John Swinney: I would not presume that.

Jeremy Purvis: The issue is not whether we reduce the budget, as John Swinney said in June,

because that is a given. It is a question of how it is done, how fast and how far.

John Swinney: I am grateful to Mr Purvis for giving way, although I am thankful that we do not think in exactly the same way, such that he can predict what I am going to ask him.

With the fixed financial arrangements of the devolved settlement—and given the more acute pressure from the Calman proposals and the threat to income tax, which the First Minister spoke about yesterday—the Scottish Government would not have the flexibility to expand the economy that would come with the normal financial powers of independence.

Jeremy Purvis: Dear me! The cabinet secretary cannot say on 23 June that we have the highest rate of borrowing in the G20 and on 9 September say that the Scottish Government would borrow more. It is simply incredible.

John Swinney: Mr Purvis—

Jeremy Purvis: I will make some progress, although I will come back to the point if I can. As the cabinet secretary knows, the current level of debt comes to more than £2,000 for every Scottish man, woman and child.

The Scottish Government has said that the cutting goes too far and too fast, but it has refused to say what the correct amount and pace of reduction should be. Turning to the work of the chief economic adviser, the Government published the economic forecasts in April. That was a 46-page assessment covering the period up to 2024, to the decimal point of the Government's forecast of finances. Alas, the Government cannot say what the correct level of debt should be, as a percentage of gross domestic product, for this year.

The cabinet secretary is right: I have lodged questions asking that question. He confuses providing a response with answering a question. Let me remind him that he said that there needed to be “a credible consolidation plan” in Scotland but, three months on, there has been no work on that and no sign of the Government providing any credible plan. If the Government believes that the debt is being reduced too fast, it should tell us what the pace should be. Then we would be able to work out the share for every man, woman and child in Scotland.

Elaine Smith: The UK's national debt is not unprecedented by historical or international standards: it is currently 68 per cent of GDP and the average for advanced economies is 77.3 per cent. Also, the maturity of the debt in Britain is double that of other advanced economies, so why are the Liberals signing up to savage cuts?

Jeremy Purvis: Elaine Smith comes at that from a sincere point of view. If she wishes to saddle the country with continuing debt of that level, she will have some allies on the SNP back benches, but it will constrain not only the options, but the economy going forward. The OECD has reported on that in the past few days.

Andy Kerr: Will the member give way?

Jeremy Purvis: I am afraid that I do not have time.

When it comes to the choices that we need to make now, we need the Government to highlight its own choices. It cannot wait until four months after the publication of the “Independent Budget Review” to provide those responses.

It is true that, as the cabinet secretary said, we met last week and will continue to meet. That is absolutely appropriate and the Liberal Democrats will continue to take part in those meetings. However, I record my disappointment that, while we were sitting in his office last Tuesday, his officials were preparing a public meeting in my constituency about which I learned on the BBC website under a narrative of discussing Westminster cuts. Courtesy seems to be another victim of the prioritisation of party positioning.

The debate should have been informed by the Government's policy intentions. In June, the UK Government published, rightly or wrongly, its pay policy for the coming years: a freeze for those earning more than £21,000, which will allow an uplift of £250 for those who earn less than £21,000. We have discussed pay—it is one of the biggest elements of the budget—but we still do not know what the Scottish Government's position is. It has known for two years that there would be a requirement to restrain public pay. For two years, it has been able to prepare the ground, but the ground is not prepared. Therefore, we have a mixture of negotiations across the public sector, with potentially different settlements for teachers, council workers and health workers. Most people in the public sector will not consider that to be fair.

Through our research, we revealed the true extent of the most senior staff's pay within the public sector: 5,000 staff—the top 1 per cent of staff—in the public sector have an astonishing pay bill of £651 million. That is not sustainable, is not fair and cannot be justified over the next two years. It needs to be reduced.

We have an opportunity to examine delivery of public services more widely. The first bullet point in the independent budget review group's remit was to assess the policies that would address the Government's purpose of economic development in Scotland. It is regrettable that there was little in the report about positive options for economic development in Scotland.

In the budget, we spend £380 million on business and the economy through the agencies Scottish Enterprise, VisitScotland and Skills Development Scotland. Within that £380 million, the cost for staffing and administration is £140 million. There is scope to consider things differently. Radical options are needed, but they should be led by the Government because it has a duty to provide Parliament with its options, which the Opposition will scrutinise constructively.

The Deputy Presiding Officer: We move to the open debate. At the moment, it looks like I can allow speakers about six and a half minutes each.

10:19

Linda Fabiani (Central Scotland) (SNP): Thank you very much, Presiding Officer.

Kenneth Gibson (Cunninghame North) (SNP): The Liberal Democrats have sold out to the Tories.

The Deputy Presiding Officer: Order.

Linda Fabiani: Yes—could I have some order, please, Mr Gibson?

As we have heard, we face a difficult time ahead. That is one thing on which we have achieved consensus across the parties.

George Foulkes: No, we have not.

Linda Fabiani: Lord Foulkes seems to think that we are not facing difficult times, but there will be £83 billion of spending cuts over the next four years, two thirds of which, of course, were planned by the previous Labour Administration. Scotland needs to take its share of those cuts because of the constitutional settlement under which we live.

Robert Brown: Will the member give way?

Linda Fabiani: No, I will not.

We also need to take our share because we have suffered from mismanagement by previous Governments in the UK.

However, we have the “Independent Budget Review”. I am a member of the Finance Committee, and we were privileged to have a long discussion about the review the other day with Crawford Beveridge and Neil McIntosh. It was an interesting discussion. We have, in the report, a weighty tome that contains a lot of good ideas. I am glad that the review was commissioned and I had hoped that it would have created much more space to talk about some of the issues that are discussed in it, rather than some of the yah-boo stuff that we have heard.

George Foulkes: How can it be an independent review when Crawford Beveridge is a well-known nationalist and acolyte of Alex Salmond?

Linda Fabiani: I am used to that kind of vacuous nonsense from Lord Foulkes. It does not warrant a response.

All we have heard from the Labour members is the cry of, “Why no budget? Why no budget?” The cabinet secretary laid out the reasons well in his opening speech. In the current situation, it would have been irresponsible and nigh on impossible to come up with a budget before we have the firm plans that are due in October.

Ms Wendy Alexander (Paisley North) (Lab): Will the member give way?

Linda Fabiani: No, I will not.

The situation is far too uncertain and it would not be fair to lay in front of the Scottish people a budget that would have to be changed later on. Let us consider the way in which budgets are brought together in the approved annually managed expenditure and the departmental expenditure limits that John Swinney, as Cabinet Secretary for Finance and Sustainable Growth, has to deal with. Those are variable at the moment because of the country’s current financial situation.

Jackie Baillie (Dumbarton) (Lab): Will the member give way?

Linda Fabiani: No, I will not.

A succession of Opposition members are whining away on television and in the chamber about the fact that they cannot do anything until John Swinney comes up with his budget for their discussion. I suggest that they cannot do anything because they do not have a clue what they are doing and do not have an original thought or idea among them.

Jeremy Purvis: On 27 August last year, John Swinney wrote to me about the discussions with other parties:

“In the discussions to date it has become clear to me that the work of the Review”—

the cross-party review with Opposition members—

“would benefit from having a clear set of Budget proposals before it to enable consideration of alternative choices. I therefore suggest the following approach.

I intend to publish a draft Budget which will contain the Government’s proposals to manage the public finances. Thereafter, I would welcome discussions amongst the political parties”.

Linda Fabiani: I suggest that Mr Purvis speak to his colleagues south of the border and ask them why they are delaying. It would be much better for Scotland if we could get some firm proposals from them.

John Swinney: Based on the extract of the letter that Mr Purvis just read out, does Ms Fabiani recognise that I opted to set out a draft budget last

year because Opposition parties were not prepared to tell me their policy priorities in advance of a budget being set out? I reverted to their preference last year and now they will not set out their arguments.

Linda Fabiani: I suggest that the only reasonable man in the chamber at the moment is Mr Swinney, the Cabinet Secretary for Finance and Sustainable Growth. [*Interruption.*]

The Deputy Presiding Officer: Order.

Linda Fabiani: Despite Lewis Macdonald saying on “Newsnight” last night that the Labour Party cannot do a thing until it hears from the SNP, Iain Gray saying “I know nothing” on “Newsnight” and Andy Kerr making up policy on the hoof—all of a sudden, we know what Labour will do with the Barnett consequential on health—there are a lot of commitments from the Labour team.

Jackie Baillie: Will the member give way?

Linda Fabiani: No. I have come up with a list of Labour commitments. The party has made plans for what it wants to spend money on. Unfortunately I do not have time to read out all the commitments that it has made in parliamentary motions that have been debated in the chamber, but the figure amounts to £1.2495 billion extra.

Andy Kerr: Could the member go back to 2007 and read her party’s manifesto for the commitments that it made and did not deliver? Also, I say just for the purpose of the debate that her figures are complete nonsense.

Linda Fabiani: We are not talking about manifestos; we are talking about the things that Labour members have said they want money to be spent on now while we are in the worst financial crisis that this country has seen for a long time. I will say the figure again: £1.2495 billion.

I know that I am running out of time, but I would like to talk a wee bit more about what the debate is about: the independent budget review. The other day, Mr Crawford Beveridge said that he had hoped that, as a result of the discussions about the reform of public services, we would get the space for conversations to take place about the future of public services. He also talked about the opportunity for a new kind of politics and said that now is the time to do that. In our cabinet secretary, we have someone who is willing to consider a new kind of politics and to look for consensus. Sadly, the tired old parties are hooked on Calman and are unwilling to move forward. It really is time for a new politics. I urge the other parties to join the SNP in creating it.

10:26

Michael McMahon (Hamilton North and Bellshill) (Lab): As many of the students who have gone back to school recently did, I normally look forward to the start of a new parliamentary term with a sense of anticipation. However, we are barely into the second day and my expectations have almost evaporated after hearing the uninspiring and visionless statement that the First Minister delivered yesterday, and the rather disappointing start that the cabinet secretary made this morning. Perhaps it is the optimist in me that raised my expectation levels too high, so I will bring them down to the level that the Government has set and look at the IBR in that vein.

Someone once said that if all economists were laid end to end, they would never reach a conclusion. From the IBR report, it would appear that the same could be said about some Government advisers. The document is more of a catalogue than a road map leading us towards the solutions to the problems in our public finances that were caused by the global recession.

If the cabinet secretary was an optimist, like me, he could view the report as being a glass half full. It is a helpful document, as far as it goes, because it challenges us to seek reforms, modernise services and deliver effective monitoring and scrutiny processes. We could use it if we saw it as a menu of options that could help us to make the decisions that we have to face.

It would be understandable if Mr Swinney had taken a pessimistic, glass-half-empty perspective on the picture that has been painted by the Beveridge committee, and considered the panel’s diagnosis as simply pointing us towards an inevitable and unpalatable amputation of the limbs of public services. The fact that he was 11 minutes into his speech this morning before he outlined his plans to go for another town hall tour to prevaricate shows how typically cynical the Scottish Government is. It spends its time hunting for someone to blame for taking what is missing from the glass rather than looking to do what it can with what remains. Public engagement is all well and good, but decisive action seems to be beyond this Administration when a scapegoat serves it better.

Like the programme for government that was trooped out yesterday, the cabinet secretary’s response to the IBR report is more noticeable for what it does not say than it is for what it does say. In addition to not proposing anything constructive to deal with the problems that Beveridge has identified, the Government has added to them by cutting 2,500 teachers and 4,000 national health service jobs while concentrating on wasteful initiatives such as the Scottish Futures Trust when its budget was growing. The mess that the

Government has made of public services as a consequence is not so much the result of hard times coming but of soft times going.

We have known for three years that local authority services in Scotland have had to bear the brunt of economic pressures because of the additional burdens that have been placed on them in combination with the underfunded council tax freeze. Those further pressures have caused a crescendo of anguished pleas to emerge from our local authorities, so I had hoped that the cabinet secretary would indicate this morning that he had listened to the requests that have been made by councillors, especially the SNP ones, to end the council tax freeze, and told us that he now intends to assist our councils rather than resist them. It is disappointing that all that he has indicated is yet more prevarication.

Joe FitzPatrick (Dundee West) (SNP): By how much does the member think the council tax should have gone up in each of the past three years, and by how much more does he think it should go up this year? The people of Scotland have a right to know just how expensive a Labour Executive would have been.

Michael McMahon: I will answer Mr FitzPatrick in two ways.

Joe FitzPatrick: I only need a number

Michael McMahon: I do not pluck numbers out of thin air, which is what some people would prefer us to do. We know from our local authority colleagues and the trade unions that operate within local authorities that the burdens that have been placed on local government have not been funded properly by the current Administration. That is a fact.

Yesterday, the First Minister told us that, had the Calman income tax proposals been introduced for the start of the last spending review, the fall in income tax revenue because of the recession would have resulted in a Scottish budget for 2009-10 that was almost £900 million lower. Imagine the devastation in local government services during that same period if a local income tax had formed the basis for funding local government services. They would have been decimated.

So, we will not take any lectures from the SNP, which wanted to decimate local government, has decimated local government, and now refuses to engage positively with local government other than scaremongering with the view that council taxes are going to go through the roof. There is no requirement for that to happen if the Government properly funds the services that it asks the local authorities to deliver.

It is not only local authorities that have been let down by the Government. We have been told that

the SNP will now turn to the people of Scotland to get their backing for a referendum, but the fact is that the Government will not use the powers that are available to it for the benefit of the people of this country, which is what the people want here and now. The people of Scotland will not forget that they have been abandoned during the past three years and that the SNP has abdicated its responsibilities, which appears to be its continuing *modus operandi*. No doubt the SNP is already working on another version of the blame game that has marked its tenure in office, but when the people of Scotland bring that tenure to an end next May, the SNP will pay the price that it deserves to pay.

10:32

David McLetchie (Edinburgh Pentlands) (Con): The members of the review panel—Crawford Beveridge, Sir Neil McIntosh and Robert Wilson—have been faithful to the task that was entrusted to them by the Government and Parliament. The clarity of their report is welcome, even if it makes for stark reading.

This is not the time to go into denial mode although, amazingly, the Labour Party appears to be in a state of double denial. First, it denies any liability for the catastrophic state of public finances that was inherited by the incoming Conservative and Liberal Democrat Government, and secondly, it appears to deny that it has any responsibility for resolving it. What price that there will be no substantive proposals from the Labour Party about what it would do to fund the £1.7 billion gap that has been identified in the IBR report for next year, or the £3.7 billion that must be found over the four-year spending review period? It is astonishing that we have heard nothing today on that subject from Mr Kerr, apart from a minor little mumble about public sector pay.

I can see it now. With breathtaking hypocrisy from now and all the way to election day, the Labour Party will seek to denounce any reduction as either an SNP or a Lib Dem and Tory cut, and to absolve itself from any responsibility or liability whatsoever. We are talking about a party that says that it believes in a United Kingdom and therefore in the right of a United Kingdom Government to determine the bulk of our funding, and which aspires to be the Scottish Government after next May when, like it or not, it would have to work within the parameters of that funding and the spending review totals. If Mr Kerr would like to give us a substantive proposal, that would be excellent.

Andy Kerr: In government, we took steps to resolve a global economic recession. I do not dispute that that placed Britain's economy in debt. We went into the recession with the lowest debt

and the lowest unemployment levels in the history of the UK, and we are in better shape to come out of it because of the actions that Labour took. I do not dispute that we have a responsibility to ensure that we balance the books, but the books are out of balance because we took the right steps.

David McLetchie: There is a structural deficit that must be resolved, and it will not be resolved by economic recovery alone. To pretend otherwise does no service to people in this country. The member is blinding himself to reality.

Ms Alexander: Will the member take an intervention?

David McLetchie: I am sorry, but I want to make some progress.

I want to make three points on the IBR, the first of which relates to efficiency savings. The report recommends a significant change in the Government's present policy. It recommends that in the future, efficiency savings should no longer be retained and recycled by councils or other public bodies, but that an assumed annual efficiency saving of not less than 2 per cent per annum should be built into future budget allocations.

Not surprisingly, the Convention of Scottish Local Authorities has cried "Foul!" In its briefing to MSPs on the report, it proudly states in paragraph 24:

"COSLA has successfully argued all along for councils be able to self verify efficiency gains, with suitable guidance in place, and for a light touch to be adopted with regard to external scrutiny and we want this to continue to be the case. This is something that we have very much developed in partnership with the Scottish Government."

However, the light touch, self-verifying approach that has been implemented in collusion with Mr Swinney has resulted in wholly unsubstantiated—as Audit Scotland has confirmed—claims that hundreds of millions of pounds of savings have been achieved. That point was made in the report and in evidence to the Parliament's Local Government and Communities Committee. Audit Scotland also tells us that it is extremely difficult to determine whether a claimed efficiency saving is just that—in other words, whether it means doing more for the same or doing the same for less—as opposed to being a cut, a reduction in quality or the manipulation of money around the system. How convenient it is for COSLA and the Scottish Government that councils can retain all the so-called efficiency savings that they do not have to prove that they have made in the first place. As the report recommends, that lax approach to the public finances has to stop.

Secondly, although a large section of the report deals with issues such as public sector pay, staffing levels and the like, one of the elephants in

the room that continues to escape attention is the hundreds of millions of pounds in unpaid liabilities to meet equal pay claims that our councils will have to find over the spending review period. The Local Government and Communities Committee and the Finance Committee have been banging on about that for the last four years; indeed, Mr Swinney used to bang on about it when he was in opposition. However stark the report may appear, members should bear in mind that the funding picture could be even bleaker, and thousands of workers who may well lose their jobs as a consequence will have bitter cause to regret that the Scottish Government, Scottish councils and their own trade unions failed to resolve those matters long before now, at a time when the public finances were in far better shape.

Finally, over the next four years of the spending review, regardless of which party or parties form the next Scottish Government, this Parliament will have to be a lot more careful about imposing new financial burdens on councils and other public bodies in Scotland as a result of the laws that we pass. All of us remember the SNP pledge to reduce class sizes in primaries 1 to 3 in all Scottish schools to a maximum of 18 pupils, a policy that the present Cabinet Secretary for Education and Lifelong Learning once claimed could be implemented over a four-year period. Of course, he kens better noo, but it was never achievable in the best of times, and it is certainly not achievable in the present financial climate.

However, the same cabinet secretary is presently consulting on a similar proposal, albeit in a much more scaled-down form, to introduce a legal maximum of 25 pupils in primary 1 classes as from next year. I ask him and the Government whether that is the sort of additional obligation that we should be imposing on our councils at the present time. Will it not be hard enough for them to meet all their existing statutory obligations to educate our children without imposing new burdens on them?

The Deputy Presiding Officer: Wind up, please.

David McLetchie: Regardless of the extent to which we may think that smaller class sizes benefit children in the early years, should we not focus the available funds on schools and children who are at a disadvantage rather than have an across-the-board rule? That approach would be more in Scotland's interest than the approach that has been taken to date, and I hope that that point will be taken on board.

10:40

Joe FitzPatrick (Dundee West) (SNP): Today's debate, as others have said, is immensely

important for the people of Scotland. Given the looming reduction in the Scottish block grant, we have a bitter pill to swallow and, whether we like it or not, the union dividend will deliver a cut of £3.7 billion in our budget over the next spending review period. The cut in the block grant is equivalent to a cut of £4,300 per year for every household in Scotland. The IBR has speculated that it could be 2025 before the Scottish budget returns to 2009-10 levels of funding.

Robert Brown: Will the member take an intervention?

Joe FitzPatrick: I think that I will make some progress.

Those figures are sobering, but through that sobriety we should remember that, although the Lib Dem-Tory coalition has made things worse, two thirds of the cuts were planned by the Labour Party. We in the SNP are clear in our view that the cuts go too far, too fast. The Scottish Government's approach has been measured and sensible. This is not the time to rush into making rash decisions. Andy Kerr might think that it is okay to produce a budget on the back of one of Mr Gray's fag packets, but I think that John Swinney is right to wait until the actual numbers are revealed on 20 October.

Ms Alexander: Does the member think that the chief economic adviser in Scotland was using the back of a fag packet or guesswork when he said that he could predict with 99 per cent accuracy what the budget would be in October? Does the member disown that figure?

Joe FitzPatrick: I will, of course, come on to deal with that 1 per cent error—

Ms Alexander: Variability.

Joe FitzPatrick: Yes.

To produce a budget of the kind that Labour has suggested would be irresponsible. Yesterday, the First Minister explained to Parliament—perhaps Ms Alexander was not listening—why such crystal-ball budgeting does not work. He explained that the possible variance in the budget was huge, and far greater than the figure of £200 million that some people have come up with.

However, even if we could predict the budget to the nearest £200 million, that would be the difference between continuing the extremely popular council tax freeze and increasing council tax by a whopping 10 per cent. In my constituency, that would result in an increase of £120 a year in the council tax bills of band D households. That is money that my constituents cannot afford. I would have thought that even a party that was responsible for frequent double-digit increases in council tax would understand that that is not

acceptable in these economically challenging times.

I am not surprised by Labour's position because, thus far, it has failed to produce any suggestions on how to tackle the challenges that face us. It is more than a case of keeping your cards close to your chest—Andy Kerr's are still in the packet. If Labour is playing a game of "I'll show you mine if you show me yours", Andy Kerr and Labour should recognise that John Swinney has placed a number of cards on the table and that it is their turn to tell us what they think.

The SNP has said what it will do with any Barnett consequential from health. In an answer on "Newsnight", Iain Gray made it absolutely clear that under Labour there would be no protection for health. Today, we have heard a change in that tune—Andy Kerr suggested that he now supports the SNP position.

Andy Kerr: I clarify for the record that Iain Gray said that there would be no ring fencing of spending on health, which of course is the position of the Cabinet Secretary for Finance and Sustainable Growth.

Joe FitzPatrick: We need to know who speaks for Labour on health—is it Iain Gray or Andy Kerr? That is a big question.

If Labour members cannot bring forward any constructive ideas of their own, at least they could give us their views on those areas on which the cabinet secretary has produced proposals. An area that I think is particularly important and on which I disagree with the IBR is concessionary travel. I fully agree with the cabinet secretary's stated intention of protecting concessionary travel. It has been some time since he made clear our party's position on the matter, but we have still not heard whether the Labour leadership agrees with us. The retention of the concessionary travel scheme is vital to our elderly and disabled citizens. I know from speaking to my constituents in Dundee that it can make a real difference to their quality of life. The universal nature of the current provision is an important aspect of the scheme.

Another area in which the SNP Government has made its position clear is on keeping Scottish Water in public ownership. As the First Minister laid out yesterday, the forthcoming water bill will keep Scottish Water in public hands. It has the potential to raise hundreds of millions of pounds of revenue from new economic activity, such as utilising existing land for renewables development.

When we face such serious challenges in public finances, it is not the time to be selling off valuable assets that could provide a good income stream for the public finances. In conjunction with Scottish Water, the Scottish Government has come up with some truly innovative proposals that I believe will

secure the future of a vital service. The debate is one for the whole chamber to be involved in, and I know that some members will have other ideas, such as mutualisation or even privatisation. However, we have still not heard a clear answer from Labour on its position.

In the weeks ahead, we have an opportunity to discuss what we think are the most important services. What are our priorities? Labour members cannot continue to bury their heads in the sand as their list of spending pledges gets longer, as Linda Fabiani set out. Right here, right now, the people of Scotland want to know: will Labour keep concessionary travel? Will Labour commit to keeping Scottish Water in public hands? By how much would Labour put up the council tax? Do Labour members agree with George Foulkes that the Scottish variable rate should be used to increase tax on Scottish households? Who speaks for Labour on health? Is it—

Jackie Baillie: It's me!

The Deputy Presiding Officer: Order.

Joe FitzPatrick: Is it Iain Gray or Andy Kerr? The people of Scotland want to know whether the Labour position is that of Andy Kerr, who is correct in supporting the SNP position, or that of Iain Gray, who intends to slash health service funding. There are many more questions that will need to be answered—

The Deputy Presiding Officer: I think that they will have to wait for another time, Mr FitzPatrick. I call Wendy Alexander, to be followed by Robert Brown.

10:46

Ms Wendy Alexander (Paisley North) (Lab): Thank you, Presiding Officer. I do not think that I can add to the levity.

In some ways, today has been a useful debate. We are edging forward, but one or two myths are still getting in the way. The first myth, which we have just heard a little of, is that these are Westminster cuts—ergo, if we were independent tomorrow, we would not have to make any cuts. We have only to look over the Irish Sea, where there was a much smaller banking bailout but there have been deeper wage cuts, sharper cuts to services and a compromised credit rating.

The second myth—I look to the benches opposite—is that the cuts are the result of Labour's mess. Of course, the truth is that we are dealing with the consequences of the near-implosion of the global banking system. No country was or is untouched. In response to that crisis and in restoring stability, 50,000 Scottish jobs in the financial services community were saved, and there was then the staving off of

recession. In consequence, high levels of public debt were taken on, requiring a retrenchment in public spending.

Where are we now? Neither Scotland nor the UK has suffered the sovereign debt crisis that has been seen in other parts of Europe.

Derek Brownlee: We all accept that problems existed in the banking sector. Does the member also accept that, for every year it was in power bar one before the banking crisis, the Government that she supported added to our national debt and our deficit, making the problem worse?

Ms Alexander: The fact is that, going into the crisis, Britain had the second lowest debt of any G7 nation, but let me move on. I concede that there is absolutely a need for debt reduction; I simply think that it is too far, too fast under the Conservatives.

That brings me to the Scottish context and the third myth. It is a First Minister special: if we just had fiscal autonomy, the need for cuts would disappear. Who is he kidding? Desiring a new financial system—today, tomorrow or the day after that—is fine, but it is a red herring when dealing with the cuts. Ask Ireland, Iceland, France, Germany, Spain and the Basque Country—every one is completely fiscally autonomous and every one needs to retrench in the face of falling revenues.

The Government is in full red-herring mode when it claims that the Calman proposals would uniquely put our public finances at risk. What Mr Salmond forgot to mention is that, last year, Scotland's income tax take was down £549 million; its corporate tax take was down £641 million; its VAT take was down £402 million; its stamp duty take was down £300 million; and its inheritance tax take was down £91 million. I could go on—on the most recent figures, oil revenues were probably down £6 billion in the past year.

Desiring to collect the cash itself does not protect a Government from falling revenues, so let us beware the red-herring defence in which people witter on about tax powers instead of facing up to the responsibility of having less cash to spend.

What should we do about the cuts? The IBR is a useful contribution and I pay tribute to its authors, but to decide which of the IBR options merit support we need to know how much each recommendation would save. Let me explain. If any member—I look at Mr Brownlee—said that they were willing to sign up to all of the IBR, what would it mean? Would it cover half the £3.7 billion hole? Would it cover it once or twice? The only person who knows is Mr Swinney, and he wants to keep it a secret. If the Scottish Government wants a serious debate on the IBR options, it should

price each and every one. Mr Swinney knows the price; he simply will not share it.

John Swinney: I am aghast at Wendy Alexander's ignorance. I mean no discourtesy in that, but the independent budget review costs every single one of its propositions: the changes to eligibility in free personal care are costed, and the assumptions on staff pay are all costed. That is not an excuse for the Labour Party to use in this debate.

Ms Alexander: Nor is it an excuse for the cabinet secretary. What did he talk about this morning? Higher efficiency savings—how much will they save? Fewer public bodies—which ones and how much will that save? More public service reform—in what way and how much will that save?

The Minister for Transport, Infrastructure and Climate Change (Stewart Stevenson): That is not what you just said.

Ms Alexander: It does not—

Stewart Stevenson: Withdraw what you said.

Ms Alexander: No, I said that the IBR does not cost every option. It costs some of the universal benefits, but this morning the cabinet secretary said that he is going with three options and none of what he said assists any public sector organisation in Scotland in trying to balance its books from next March. The problem is that, instead of helping, the Government is rubbishing the baseline that its own economic expert has given it. The SNP is hiding the choices for another 10 weeks, past party conference season and until Christmas is upon us.

The challenge for the rest of us—all of us here—is to figure out what debate best serves the nation. We should not be dismissing the chief economic adviser, who has said that he can predict for us with 99 per cent accuracy and give the most authoritative forecast of how much money we will have as of next March. Given that, we know that the cuts are unprecedented, and we know their magnitude to within 1 per cent because John Swinney has not disowned Andrew Goudie's figures this morning.

We have options from the IBR, but the Government will not reveal the savings that they would yield. Therefore, it is up to us. Would every organisation in Scotland welcome 99 per cent certainty about how much money they will have next March? It is up to us, as the nation's legislators, to determine what serves the nation best and to decide whether we will have a debate about uncoded ideas or actual options. The SNP will not defy the will of Parliament, so we should think hard as to what we do next.

10:54

Robert Brown (Glasgow) (LD): Wendy Alexander is right to say that the debate is beginning to edge forward. I begin by saying, as others have done, that the independent budget review is a really good piece of work and immensely helpful in setting the scene as we approach the difficult financial challenges ahead.

It is worth putting the challenge into perspective. In 1999, the budget was around £14 billion. Now, it is nearly £33 billion, although I accept the point that others have made that we have put new obligations, duties and services in place. Crawford Beveridge and his colleagues tell us that there will be a requirement for a cut of about 12.5 per cent in the next four years. Without question, that is hugely challenging, but it is not the end of the world as we know it. As Jeremy Purvis pointed out, it will still leave the Scottish Government with revenues higher than in every year before 2004, and in cash terms the revenue budget will barely change. The problems come from the effects of inflation and rising demand for resource. We must, therefore, look very carefully at the effectiveness of the way in which we manage our public services.

Linda Fabiani and others—in fact, every nationalist member—included in their speeches a sentence about how none of this would have happened had Scotland been independent. Indeed, yesterday, the First Minister put independence at the heart of the debate leading up to the election next year. He told us that the fall in income tax revenues because of the recession would have resulted in almost £900 million off the Scottish budget if the Calman proposals had been in place because of the transfer of direct control of 10p of income tax to the Scottish Parliament. The Secretary of State for Scotland has already indicated that the original Barnett proposals would need to be adjusted to take account of that. However, what the First Minister omitted to tell us—this is the point that Wendy Alexander was making—is that, if Scotland had been independent, the effects of the recession would have lopped more than twice that figure off the income tax revenues going to an independent Scottish Government, as it would have received all the effect of the recession on income tax receipts, not just half of it. On top of that, there would have been a drop in corporation tax receipts, national insurance receipts and VAT receipts, to mention only the bigger ones. On a roughly equivalent basis, that would amount to a cost to an independent Scottish Government of something in excess of £2.2 billion. I readily concede that my figures need refinement, but I suggest that the cost of independence, in purely budgetary terms, would be of the order of £4 billion per annum off the current Scottish budget. That is the reality that

the Scottish Government must face in putting independence forward as a serious proposition—although I am amazed that it is still doing that.

The First Minister told us yesterday that Scotland needs control of its own resources and the ability to grow revenue. I am not sure whether these independence revenues grow on fir trees somewhere in Aberdeenshire, but we need a little more detail on the SNP's latter-day take on the miracle of the loaves and the fishes. The reality is that the financial crisis that was caused by banking greed affects most countries in the developed world even if, in Britain, it was made worse by the negligence of the Labour Government. There is no bypass for Scotland any more than there has been for Ireland or Iceland.

The IBR report emphasised the need for the earliest possible central guidance on how to tackle these significant financial pressures. It is the responsibility of ministers in government, with the resources of the civil service behind them, to develop proposals, to be clear about the realities of the position, to signal clearly—as the report said—national priorities and to convey the right degree of urgency. I will make one or two observations about the approach.

First, in my view and that of the review, there are definite issues with ring fencing any section of the budget, particularly because health accounts for a third of the Scottish budget, not a sixth as it does on a United Kingdom basis. The effect of that is obvious. As the review points out, it would result in a much more substantial reduction in non-health budgets if we were to ring fence the health budget. I say to the cabinet secretary that, whatever the formula surrounding these matters turns out to be, we must scrutinise very closely every budget line and every aspect of the budget that is before us.

Secondly, there is a close relationship between the cost of pay and the number of jobs in a reducing budget. The more pay restraint can be agreed, the fewer jobs will be at risk. Ultimately, we are working within a fixed and reducing budget, and the public sector is under the same pressures as the private sector.

Thirdly, efficiency savings will be a vital part of the equation. The review suggests that there is a limit to the efficiency savings that can be squeezed out of the public service. I believe that every doctor, nurse, teacher, dustman, administrative worker and cleaner should be asked which part of their job is vital and which part of the job consists of doing unnecessary paperwork, circulating process that adds no substance or picking up the results of inefficient practice. The challenge is to extract those ideas and manage their implementation, but our primary obligation is to squeeze out value from every pound of public money that is invested in our

common services. I welcomed the cabinet secretary's focus on public engagement, but I think that it must be a bottom-up process rather than a top-down process that is imposed by ministers, and it must focus on effective management in the public service.

Fourthly, there must be an equal partnership with the voluntary sector. Many voluntary sector services are more flexible, more human in scale and more effective than is possible in large Government or local government departments. There must be a framework that takes full account of the effects of particular cuts. For example, Glasgow City Council recently cut the budget for community transport—it was nothing to do with the wider cuts; the cut was made last year—at the same time, incidentally, as adverse publicity about the unsuitable use of council limousines. The cut has threatened the viability of organisations that provide social outlets and respite for people with learning difficulties, disabled youngsters and others. That is highly likely to result in more mental stress and more pressure on council services—a totally vicious circle for all concerned, and a lesson in how not to approach such matters.

Finally, I am clear in my mind that, apart from the issue that the report raises of what services should be provided by the state—and which of those should be comprehensive and which should be means tested—there must be a focus on the quality of the service provider. That applies to police forces, local authorities and the rest.

We live, as the Chinese curse wished on us, in interesting times and many people depend on our public services being of a high quality and effective at what they do. None of us came into politics to cut resource, but the current financial crisis imposes on us the obligation to manage its consequences in the best interests of our people. The Liberal Democrats stand ready to play our part in that, but we need a steer and leadership from the Government. That is the responsibility that the SNP took on in accepting office three years ago and it must rise to the challenge. Its decisions will affect real people, real families, real jobs and real services.

The Deputy Presiding Officer (Trish Godman): Before I call Dave Thompson, I remind members that they have about six and a half minutes each.

11:01

Dave Thompson (Highlands and Islands) (SNP): I congratulate the Scottish Government on commissioning the independent budget review and thank the review panel for its widely praised and respected report. Our economic prospects are certainly not good, but they are being made worse

by the Lib-Con ideology, which is overenthusiastic about slashing public services. The proposals are regressive, and the widely respected Institute for Fiscal Studies estimates that the poorest 10 per cent of families will lose more than 5 per cent of their income while the richest 10 per cent of households without children will lose less than 1 per cent. The impact of a 2.5 per cent increase in VAT will also be greatest on low-income households, and the three-year freeze in child benefit will reduce the income of 621,000 families in Scotland, with the greatest proportionate effect being on low-income families. The Lib Cons are making the poorest pay for Labour's recession.

Andy Kerr: Mike Russell said:

"The real example of Ireland - and all nationalists need to take note of this - is that the economic miracle was a product of reduction in Government size - from 51% of GDP ... through 41%".

Does the member share that view?

Dave Thompson: The member should accept that this was not just a worldwide recession that happened on its own. The Labour Party was in power, banking regulation was lifted, and so on. I am coming to that just now.

In looking at how we got here, it is worth noting that a closely allied economy similar to the UK's did not have a banking crisis in the past three years or a recession. That economy is the Australian economy. The National Australia Bank, a highly successful international banking group that owns the Clydesdale Bank, is headquartered in Australia and is subject to Australian regulation. It is no surprise, then, that the Clydesdale Bank was one of the few UK banks that were, largely, unaffected by the crisis.

Andy Kerr: Will the member give way on that point?

Dave Thompson: Members may wonder why that was. Simply, Australia retained the robust banking regulation that used to be run in the UK by the sharp-minded civil servants at the Department of Trade and Industry. That robust regulation was abandoned by the Tories and Labour to the benefit of City bankers but at great public cost. We witnessed the catastrophic love-in that consecutive Tory and Labour Governments have had with the bloated City of London—a love-in that Gordon Brown admitted to early in the recent general election campaign. The same Gordon Brown left office with the highest peacetime debt in history, and the SNP now has to deal with the consequences of that mismanagement by successive UK Governments and the last Labour Government in particular. Westminster insists on banking regulation and other such matters being reserved to it but has

proved itself monumentally incapable of sound financial management of our assets.

The competence of the SNP Government, in contrast, puts the UK Government in the shade.

Robert Brown: Will the member give way on that point?

Dave Thompson: I need to make progress.

As to the future, the independent budget review suggests a number of options that could be considered to address—

Jeremy Purvis: Will the member give way?

Dave Thompson: If I had given way to all the interventions so far, I would not have been able to give my speech; the member must bear with me.

There are a number of options that could be considered to address the forthcoming cuts to Scotland's block grant—the pocket money that we get back from London after first sending it the tax that is collected from hard-working Scottish families and well-run Scottish businesses. If only we had the independence and the full financial freedom that we need to do things differently, we could avoid much of this ideologically driven London-inflicted pain.

Jeremy Purvis: The biggest tools in the economy, which affect all businesses and mortgages in Scotland, are the interest rates that are set by the Bank of England. Why is it SNP policy that, on independence, the Bank of England would continue to set interest rates for the Scottish economy?

Dave Thompson: The crucial point is that if we had independent financial freedom, we would be able to use—

Jeremy Purvis: We would not—the SNP says that the Bank of England would carry on setting the rates.

Dave Thompson: Mr Purvis should let me answer his question.

We would have a full toolkit to deal with the problems that arise here. We would make different decisions on spending, and deal with the depth and the speed of the cuts differently. We would not waste money on renewing the Trident nuclear missiles, and we would have borrowing powers to allow us more flexibility.

We would do things differently in relation to VAT and the freeze on child benefit. The fossil fuel levy would not languish in a bank in London but would be put to good use in Scotland. Those are all things that we could do if we could make our own minds up, which Mr Purvis does not want us to be able to do.

A number of the options that the IBR report suggests have, I am pleased to say, been ruled out by our Scottish Government. As has been said, free personal care and concessionary travel are safe under the SNP.

Existing eligibility for the concessionary travel scheme will not be limited—in fact, it will be extended from next April to include injured service personnel and veterans. I know that the bus pass is a benefit that is widely appreciated in the Highlands and Islands. A constituent came into my recent Fort William surgery specifically to make the point that the scheme should continue, as she had heard the untrue Opposition scare stories that it would be removed. I was, of course, able to reassure her that, with the SNP in power, that benefit is safe.

The take-up of the scheme among those over 60 was 79 per cent in 2008, and will rise to 1 million people by 2016. Evidence suggests that the largest increase in take-up since the scheme's introduction has been among those aged 60 to 69 on lower incomes, and those without access to a car. Those are the very people whom we should be trying to help in these hard times.

It is worth noting that the Scottish concessionary travel scheme is already far more generous than the system in England. We get free bus travel across the country at all times from the age of 60—

The Deputy Presiding Officer: The member should be finishing now.

Dave Thompson: I have just two more points. England's scheme is off-peak and excludes long-distance journeys, and the age limit is going up to 65, in line with the increase with the state pension age for women.

The Deputy Presiding Officer: The member should finish now.

Dave Thompson: The question for the Opposition is whether it will guarantee the bus pass, as we have done. A simple yes or no answer will do.

11:08

Tom McCabe (Hamilton South) (Lab): The prospect of almost £4,000 million being removed from the Scottish budget is by any standard a crisis. It tells us what—if we are honest—many people have known for a long time: that if the country's decision makers do not take action to ensure the sustainability of public services in the future, future generations will live in a very different country and find it a good deal harder to fulfil their hopes and aspirations.

The reality of the situation is dawning on an increasing number of people in Scotland, who need—and are entitled to—some direction. The independent budget review has rightly recognised that those pressing issues will first and foremost require strong leadership. That means leadership among a wide range of public sector organisations in our country; in our local government and our health service; in the Parliament; and from those who sought and gained the privilege of government.

Leadership does not mean talking nonsense about Westminster cuts. It was not Westminster cuts that turned the once much acclaimed Irish economy on its head, placed Greece in the position that it is in today, left Spain with its economic difficulties and put people on the streets in Italy. We should stop that fallacy in the interests of explaining to people in Scotland just how serious the situation is.

The IBR report emphasises the urgency of the situation and, on a number of occasions, asks for "immediate action" from the Scottish Government. Unless we have changed the meaning of our language, "immediate" means "now". I and others think that there has been a fair degree of prevarication from the Scottish Government. The evidence is the fact that the report was published in July, and, as we stand here in September, there has been no action in the areas in which the report sought an immediate response from the Scottish Government. The report asked for early or immediate action, but the Government tells us that it will be November at the earliest before we see the first direction of travel. We should compare that with examples of the real leadership that is being shown in other parts of the public sector.

People in local government do not know the full extent of the contraction that is heading their way. However, they know that it is coming and that it will be serious, so they have taken what must be an extremely difficult decision on pay that covers the next few years. They are politicians, as we are, and they have to live with the threat of their services being brought to a grinding halt. However, in an attempt to secure the provision of jobs and services in the future, they have put people first and accepted the pain that often comes with real leadership.

When that is contrasted with the prevarication that we have seen—from the emergency budget back in June to the publication of the independent budget review—it is not difficult to conclude that the Scottish Government is putting considerations around next May's election well before the needs of our citizens.

That is unacceptable: first, due to the depth of the crisis, and secondly, because it is not those on the salary level of politicians who will feel the full

force of the contraction. It is those who are on the bottom rung, most dependent and least able to defend themselves. They may be less concerned with who governs, but they depend enormously on strong and straightforward governance.

The Scottish Government has huge analytical capacity at its hand. Through the work of its chief economic adviser, it knows to within a tiny margin the size of the problem that it faces. The Government should face up to that and demonstrate the strong leadership that the independent budget review—which the Government commissioned—tells us is so important. It is important to deal with the immediate crisis, and so important to consider properly how we organise and what we expect of public services in Scotland in the future.

It is a poor reflection on any set of politicians that they seek the privilege and honour of power, and then—in their own interests—refuse to govern.

11:13

Sandra White (Glasgow) (SNP): I will concentrate on free personal and nursing care, and the Government's absolute commitment that it will continue and be protected from cuts. However, I must comment on the continuous calls from the Opposition—particularly from Labour—to bring forward a draft budget. Those members know only too well that the variance in the factors that affect the Barnett formula is so huge that it would be totally irresponsible to do so; even more so when we will not know until 20 October what the block grant will be.

If my memory serves me right, members decided in July that they did not want a budget to be brought to the Parliament; all parties voted down an early budget. We should think about that aspect. It is irresponsible to talk about bringing figures forward at an earlier stage when we do not know what the knock-on effects on the Barnett formula will be.

Tom McCabe spoke about local government and others, and like local government we have a responsibility. However, with all due respect, he seems to forget that it was the previous Labour Government in Westminster that said that the drastic cuts that were coming—not only to Westminster but to the Scottish Parliament—would be greater than those that Thatcher made. He should remember that and dwell on it—those were not my words, but the words of the previous Labour Government in Westminster.

Free personal and nursing care is delivering real benefits to tens of thousands of older people. It is—or was—supported by all the political parties in the Scottish Parliament. I remind those parties

what they said about free personal care only a few months ago. A motion from Ross Finnie of the Liberal Democrats in June said that free personal care

“has widespread support and continues to deliver real benefits for tens of thousands of Scotland's most vulnerable older people, allowing them the dignity and independence of growing old in the comfort of their homes”.

Murdo Fraser of the Tories said:

“The Scottish Conservatives are proud of the policy of free personal care, which was introduced with our support in 2002 ... Free personal care is a policy that we support but which is not supported by our UK counterparts, and it is therefore one of a number of areas of difference between us.”—[*Official Report*, 24 June 2010; c 27683, 27684.]

I would like the Tories to confirm that there are still differences between them.

Jackie Baillie of the Labour Party said:

“I am proud that it was the previous Labour and Liberal Democrat Scottish Executive that introduced the policy of free personal care ... There is no doubt that free personal care is greatly valued by those who receive it. We on this side of the chamber are clear in our view that free personal care should remain.”—[*Official Report*, 24 June 2010; c 27686.]

Contrast that with the leader of Glasgow City Council, Gordon Matheson's comments. Just a couple of weeks ago, he said:

“What I am saying is that these kind of issues must be on the table. We look at the challenges we now face and that includes universal free personal care.”

Questioned on “Newsnight Scotland”, Andy Kerr said:

“Secondly, free personal nursing care, well bluntly I'd want to look more.”

The Labour Party must come clean on the issue and clarify its position on free personal and nursing care. Does it agree with the leader of Glasgow City Council and Andy Kerr that the issue should be put on the table and looked at more? The people of Scotland should be told. In fact, when we consider the statements from the leader of Glasgow City Council, Gordon Matheson, one of which was to put up the council tax—

Mary Scanlon (Highlands and Islands) (Con):

These are difficult financial times, and I ask the member whether her party supports the fact that councils pay 80 per cent more to place a person in residential care in a council home than they do to place them in the independent and voluntary sector.

Sandra White: I am talking about people staying in their own homes. I will get to residential care, which I know is a hobby horse of Mary Scanlon's; I am sure that she will raise it later.

The point that I am trying to get at is what the Labour Party stands for. We need clarification on the issue.

Jackie Baillie: The member quoted me earlier. For the record, I shall repeat what I said: we are supportive of free personal care. It is as clear as that.

Sandra White: I am glad. That is another commitment—the Labour Party is supportive, but will it cut it? The people of Scotland need to know that Labour will not cut free personal care and that it will protect it. When we consider what Gordon Matheson—

Jackie Baillie: Will the member take another intervention?

Sandra White: No. I am sorry.

Gordon Matheson of Glasgow City Council, with the agreement of some members of the Labour Party, has said that he wants to put up the council tax—a call backed by Iain Gray. We are talking about an end to the McCrone agreement, and now free personal and nursing care is up for grabs—backed by Andy Kerr. We have to ask ourselves, who is running the Labour Party? Is it Glasgow City Council? God forbid. Is it Iain Gray? We need answers.

Kenneth Gibson: It will probably be David Miliband soon.

Sandra White: It could well be.

Without free personal and nursing care, particularly at home—a point that I wanted to make to Mary Scanlon—an increasing number of elderly people would be forced to move into care homes. That would deprive them not only of their home comforts but of the dignity and independence of living in their own homes. We all admit that we face difficult times. That is the very reason why we must protect our most vulnerable citizens. I ask Opposition members to vote with the Scottish National Party and ensure that free personal care is not cut and is protected.

11:19

George Foulkes (Lothians) (Lab): I say to Linda Fabiani, and perhaps also to Tom McCabe, that I for one do not accept that the level of our current deficit warrants the savage and rapid cuts proposed by the Con-Dem Administration at Westminster and by this so-called independent review. I have been a rather long time in politics, and I have seen people come to accept something as fashionable, as automatic, as “it has to happen”. That is why, in the 1960s, we ended up with those awful high flats that people now regret having built. We are now accepting the cuts

mantra, again and again, as if it is inevitable. We are moving like lemmings towards a terrible fate.

Jeremy Purvis talks about £2,000 for every man, woman and child. That is absolutely meaningless. I have a mortgage 50 times that. It is manageable. It does not cause me any problems as long as I can sustain it. As long as a country can sustain a debt and repay it over a period, it is manageable.

Bruce Crawford *rose*—

George Foulkes: Wait a minute.

What we have is a cover, which has been accepted by the SNP and the Liberal Democrats, for the implementation of Tory dogma that has been long planned by a Cabinet of multimillionaires.

Ross Finnie (West of Scotland) (LD): Is George Foulkes seriously suggesting that he has found a new definition of “structural deficit”? He referred to our deficit being repaid over time. That is not the definition of a structural deficit, and it is a structural deficit that this Government, this Parliament and the UK Government is having to deal with.

George Foulkes: I am not being lectured to by Liberals, who have gone into alliance with the Tories and are now collaborators in the implementation of Tory cuts.

Earlier, Duncan McNeil asked John Swinney about protecting the vulnerable. Let us look at what is happening down south. Cameron has brought in Sir Philip Green to recommend cuts. Sir Philip Green, who is a multibillionaire, and whose wife is a tax exile—she does not pay taxes in the United Kingdom—will tell us how we can cut back on things, affecting the most vulnerable in our society.

We all accept that some cuts need to be made, but we do not all accept the scale or speed of those cuts. The SNP is living in a fool’s paradise. All the time that the party is talking about next year’s budget cuts, it is spending, spending, spending. At the Public Audit Committee, three senior officials—who probably earn £0.5 million between them—told us that they will employ 15 more co-ordinators to deal with some of the problems, while in Lothian we are losing 333 nurses on the front line. Jeremy Purvis was right: the Government is spending more than £70 million unnecessarily on consultants. I ask John Swinney whether ministers will set an example—not just on this issue but on carbon footprints—by reducing the number of limousines in which they sail around the country while the rest of us use buses. They are not prepared to set an example.

Furthermore, there is a totally unnecessary inquiry into fingerprints, costing £4 million. Then there is the capital programme. I have added up

the figures that we get in the Public Audit Committee. The proposed capital expenditure for the next years is £11.3 billion. I asked the Father Jack of the Administration, the Minister for Transport, Infrastructure and Climate Change, how he will pay for it. By some miracle he will find that money. It is absolutely ridiculous to suggest that that money will be available. The SNP is living in a fool's paradise.

I say a word to the Scottish Council for Voluntary Organisations, which has sent us a representation in which it accepts some of the IBR's recommendations. The SCVO is falling into a trap. Yes, it accepts radical redesign in the way in which some services are provided, and I agree with that, but it wants mainstream roles for the private and voluntary sectors. I used to work in the voluntary sector, and I know that we have to be very careful that that would not mean lower wages for those who do the jobs that were done by people in the public sector, or volunteers taking on the jobs of professionals. That is the danger.

Finally, I come to the point that I raised with John Swinney. I am getting fed up of coming in here—I am glad that I am retiring at the next election; no doubt other members are, too—and hearing the continual whine from the First Minister, John Swinney and others that they do not have the fiscal powers to deal with anything. They are in government, they are the ones who have to make the decisions and they have money from the UK Government, which, under the Barnett formula, is much more generous per capita than for any other part of the UK. If they think that that is not enough, they have the power to impose a tax of up to 3p in the pound. As John Swinney said in an answer to me, that would give them £1 billion extra. They are simply not prepared to do that, and they should be honest about that. What they really want is the English taxpayer to stump up some more for better services in Scotland.

In the past two days, we have seen the first death throes of a dying Government. I am looking forward to May and seeing the end of the SNP hypocrisy.

11:25

Patrick Harvie (Glasgow) (Green): I might see whether I have the nerve to develop one or two of George Foulkes's themes in a moment or two, but first let me set in context why we are here.

Let us not forget that the situation stems from private sector failure of historic proportions that can be traced back to the deregulated free-market, centre-right economics that all the Westminster parties supported, albeit that they might enjoy passing comments and banter about whose recession it is. They have all had the free market

finance fetish that has been so strong, and have supported selfish City-boy values. All of those political parties have feted those values throughout my lifetime.

I normally like Mr Brownlee's speeches, even if I disagree with him, but it was disgraceful to hear him describing the independent budget review, which is the expression of the Tory-Liberal cuts agenda, as the Beveridge report. He might point out that that styling was Crawford Beveridge's idea, but members should not allow the repetition. The document that we all know as the Beveridge report identified five giant evils in society—squalor, ignorance, want, idleness and disease—and laid the foundations of the welfare state. It was and remains a source of pride to anyone with a social conscience. The Liberal-Tory cuts agenda to which the budget review is a response will increase each one of those five giant evils. Even if it is found in Scotland's constrained and limited form of government that, regardless of which party happens to be in power, some elements of the budget review become unavoidable, they should be a source of pride to nobody, regardless of party politics.

The UK Government has choices at its disposal, and there are decisions that it can make. This is a matter of a set of choices, not necessity. As George Foulkes said, the UK Government can slow down. Even if there is a desire to reduce the deficit over time, that does not need to be done with the zeal for public sector cuts that leave many of us with the suspicion, which we can hardly be blamed for, that the approach is simply opportunism by the radical right, who hate the public sector for ideological reasons and care little for equality and social justice. Other cuts can be made. The things that we do not need can be cut, from weapons of war to the legions of private sector consultants who siphon public funds and the absurd levels of high pay at the top end. I include in that the pay of politicians such as us. We are all paid more than £50,000 a year, and I sometimes think that some of us have forgotten that that is a hell of a lot of money to most people. Consideration of public sector pay at the top end should include consideration of our pay.

There are other choices in raising revenue. There is the idea of a financial transaction tax—the so-called Robin Hood tax—to raise money for public services and bring a bit of stability into the reckless and irresponsible finance sector.

There are those in Scotland who might argue that those choices are unavailable to us within the limitations of devolution. Some people might say that we are where we are and we simply need to start to make the cuts, but there are choices that we can make. Lord Foulkes raised the issue of the variable rate of income tax. A decision on that

would be complex, controversial and difficult to take, but if we are not setting down red lines in discussing the budget review, we should all be honest about that and say that we need to look at all the options.

Elaine Smith: Does the member recall that there is a mandate from the people for varying tax, as one of the questions in the referendum was on that?

Patrick Harvie: There is indeed. As someone who would prefer a far wider range of financial powers for the Parliament, I now regret that a form of tax-varying power was designed that makes it very difficult, although perhaps not impossible, to justify using it.

The council tax has been mentioned. We should not simply debate whether it should go up or not or whether a freeze is justified; rather, we should be debating broadening the tax base for local government. Why not empower our local councils to decide for themselves not just the proportion of their spending that they will raise locally but whether they will raise it from a property-based council tax, a land tax, a sales tax or business rates? Why not empower them to make for themselves the choices that are right in their part of the country?

Other means of raising revenue may be available to us, one of which the First Minister mentioned yesterday when he talked about making Scottish Water—a publicly owned company—a major renewable energy generator. That could be a profoundly important long-term option, and it is an example of the ideas that we need to consider in the short term. We should look beyond our perceived boundaries.

The independent budget review report makes a suggestion in discussing the capital budget. Let us remember that the hit on the capital budget is predicted to be much more severe than the hit on the rest of the budget, with all of the implications that that might have for the social housing sector, for example. The report suggests the complex and controversial proposal of road user charging. Again, that would be difficult to design and it would be difficult to persuade people to accept it, but it can be designed with social justice and geographic justice in mind. I honestly do not know whether we ought to have it, but if we are not putting down red lines at this point, we should at least be willing to examine the options.

I laughed at a paragraph on capital budgets in the report. It says that variability in capital budgets by cancelling projects is not always there

“as certain capital projects may be of such high perceived importance that they prove very difficult to forgo for political and presentational reasons”.

Which capital projects can I think of? Oh yes—basically, I can think of all of the transport budget. For far too long, major transport spending decisions have been made with short-term political, geographic or presentational interests, not proper transport interests, in mind. Unless we are willing to look again at some decisions that all the political parties have supported in the past, I am afraid that we will not be ready to look at the other, more controversial cuts in the public services that people in Scotland value highly.

11:32

Kenneth Gibson (Cunninghame North) (SNP): Once again, we find ourselves in the chamber attempting to clear up the mess of Labour's recession. The task could not be much more difficult. The economy has contracted by 6 per cent, which is even more than Iceland's economy has—thousands have lost their jobs and the country is drowning in debt. The people of Scotland are facing a decade of austerity and misery, due largely to the economic practices of the previous new Labour Government. Given that London is the world's largest financial centre, claiming that it is somehow an innocent victim of the global recession is simply laughable. It is as culpable in the crisis as Wall Street is.

Andy Kerr: Will the member give way?

Kenneth Gibson: I will let Mr Kerr in later; I want to make some progress first.

The scale of the economic vandalism cannot be overstated. The UK national debt is set to top £1 trillion next year. Anger, disappointment and incredulity at such incompetence are understandable, but the SNP Government is attempting to get on with the task at hand, despite the limited powers that are available. It is repairing the damage, restoring our battered economy, protecting jobs, securing investment and ensuring that high-quality front-line services are delivered.

The most telling contribution from the Opposition was Lord Foulkes's somewhat embarrassing speech. He seems to believe that Scots do not pay taxes, but rely on handouts from London. It is interesting to note that, when he suggested raising tax by 3 per cent, Mr Kerr shook his head vigorously to make clear that that is not Labour policy. One would have thought that, before they came into the chamber, Labour members would have had some idea of their position on such important issues.

Elaine Smith raised an important issue. She talked about perhaps taxing the rich more heavily. Sadly, we do not have the powers in the Parliament to take such a decision if we wanted to do that.

Labour, which says that we have to bring our budget forward now rather than waiting a few weeks until we have the precise figures, itself ducked the entire issue of the £311 million that the UK Government said we could either cut now or have as cuts next year. It did not clarify the position on that at all. Iain Gray ducked and dived on it until it faded from the media spotlight.

There is no hiding from the fact that there will have to be cuts in the near future. That is one of the side effects when, in the words of former Labour minister Liam Byrne, “There’s no money left.” However, it would be foolhardy to say where cuts and savings will be made without full knowledge of what the Scottish Government’s budget will actually be. Of course, we will soon find that out, as we are only a few weeks away from having the information. Mr McCabe suggested that the SNP is somehow holding back plans for electoral advantage, but my understanding is that the bill will be passed some months before the election, so it will be in the full glare of attention from the public and the media.

The real issue at hand is that we do not have all the powers that we need. We heard an attack on three of our local neighbours from Mr Jeremy Purvis, who is not with us in the chamber at the moment. He said that Ireland is bankrupt—everyone seems to assume that that is the case—and that so is Iceland, but let us look at the actual figures for their economies. Per capita income in Iceland last year was \$38,000, and purchasing power parity was also \$38,000. The figures for Ireland were \$51,000 for the actual and \$39,500 for purchasing power parity; for Norway they were \$88,600 and \$53,000; and for the UK they were \$35,000 for each. The standard of living in poor wee Iceland is still 7 per cent higher than in the UK. In Ireland it is still 10 per cent higher—and Ireland does not have our oil and gas reserves—and in Norway it is 50 per cent higher. I am not aware of any great campaigns to return Norway to Swedish control, Iceland to Danish rule, or Ireland to the benevolent control of London, which left it a poverty-stricken backwater when it got its independence last century.

We should remember that the Liberal Democrats’ austerity measures follow on, a year later, from when they suggested an £800 million cut, so perhaps it is not just a case of the Tories wagging the dog, as we perhaps thought before.

In opposing the SNP’s view that Scotland should be independent and have responsibility for its own affairs, it seems that the Labour Party and the other unionist parties have replaced Obama’s “Yes, we can” with the slogan “No, we can’t.”

Andy Kerr: Can I link a couple of the member’s points? He talked about having powers here in Scotland under independence, and he also talked

about the power of the City, its largesse and regulation. Under his party’s manifesto, the proposal was for light-touch regulation suitable to the Scottish financial sector. The manifesto pledged to

“minimise the burden of bureaucracy by ensuring Scottish regulations do not have British gold-plating.”

Under independence, therefore, there would be even less regulation of the banks.

Kenneth Gibson: The point of an intervention is to ask something. It is not to go on and add a couple of minutes to the endless speech that the member made this morning. We actually believe in the Scottish people. That is the difference between us. We have faith in them. We are not saying why we cannot do this and that—things that all the countries in Europe take for granted. I looked up Lichtenstein in Wikipedia after Scotland’s rather desperate 2-1 victory the other day to find that it has the highest per capita income in the world. It is a small, landlocked state in the middle of Europe with nothing but mountains and glens, yet we, apparently, cannot aspire to be even half as prosperous. We have to stick with the poverty, the unemployment and the emigration that we have had for decades under the United Kingdom. [*Interruption.*]

The Presiding Officer (Alex Fergusson): Order.

Kenneth Gibson: When we joined the union, Scotland’s population was a fifth of England’s; now it is a tenth. That shows us where wealth has moved in the past three centuries and how Scotland has been neglected. People in Denmark do not grow up thinking that they will have to emigrate in order to get employment. They know that they can have a good standard of living in their society.

One thing that is causing the Scottish Government difficulties is the public-private partnership legacy. This year, the education budget alone is hit by costs of £244 million, and the NHS is having to stump up £1 billion over five years, yet Iain Gray is calling for more private finance initiative expenditure to fund the Glasgow airport rail link, which is a white elephant and totally unnecessary.

The Presiding Officer: You must wind up, please, Mr Gibson.

Kenneth Gibson: I am interested to know where Labour would find the £175 million to fund that project.

The Presiding Officer: Thank you. That concludes this morning’s part of the debate, which will continue at 5 to 3 this afternoon, after questions.

Scottish Executive Question Time

General Questions

11:40

Forensic Services (Edinburgh)

1. Mike Pringle (Edinburgh South) (LD): To ask the Scottish Executive, in light of the recent consultation exercise regarding the Scottish Police Services Authority forensic service, whether it will ensure that the current standard of forensics services in Edinburgh is maintained. (S3O-11241)

The Cabinet Secretary for Justice (Kenny MacAskill): The Scottish Police Services Authority delivers forensic science services to all eight police forces and the Crown Office and Procurator Fiscal Service on a national basis. The SPSA is committed to creating an improved and responsive national service and has been carrying out extensive engagement with stakeholders over the past 18 months as part of its forensic modernisation programme. I anticipate that the SPSA will submit proposals for the Scottish Government's consideration later this month. We will carefully consider its proposals before reaching a decision.

Mike Pringle: I visited the Edinburgh forensic facility in my constituency and heard the serious concerns of staff members that if either consultation option 3 or 4 is taken forward it will result in significant damage to the forensic science that is provided in Lothian and Borders. Several police boards, including Lothian and Borders police board, unanimously support option 2 for the same reason. I am extremely concerned that the outcome of the consultation puts the high standard of forensic service in Lothian and Borders at serious risk. In the light of those concerns, will the minister guarantee that the high standard of forensic service in Edinburgh will be maintained by not accepting options 3 or 4?

Kenny MacAskill: The member will accept that it would be entirely inappropriate for me to prejudge what has still to go before the board of the SPSA and, ultimately, to come to me. What he can be assured of is that I recognise the commitment made by everybody in the forensic science service wherever they are located, the extremely high standards that they have, and the intention of everybody to ensure that we maintain the excellent service that we have in Scotland.

Lewis Macdonald (Aberdeen Central) (Lab): The cabinet secretary told me last month that there is a strong case for considering change at this time. Does Mr MacAskill recognise that the

modernisation of the forensic services that are provided from the existing sites, including Aberdeen and Edinburgh, is a positive proposal for change, or does he share the view of some of his SNP back-bench colleagues that only closures will do?

Kenny MacAskill: I have not made any decision. It would be entirely inappropriate for me to do that. I have had the opportunity to see service centres throughout the country. Equally, I have had the opportunity to open the new centre in Dundee and I recognise the significant improvement that goes with the quality of the equipment that comes through new science. However, as I said, I have made no decision and I recognise the skills and talents that exist in the service wherever in Scotland it is currently located.

George Foulkes (Lothians) (Lab): I say to the cabinet secretary that, when I met Tom Nelson, the head of forensic services for the SPSA, although he said that the consultation was open, he argued strongly in favour of option 4. Will the cabinet secretary bear that in mind when he considers the recommendations from Tom Nelson and the SPSA?

Kenny MacAskill: I say to Lord Foulkes that, actually, I intend to go in with an open mind. As I said, I am not prejudging the decision. I await the report that will be signed off and sent to me from the SPSA. I will consider it on its merits, together with representations that may come from elsewhere.

Public Processions (Glasgow)

2. Bill Butler (Glasgow Anniesland) (Lab): To ask the Scottish Executive when it will respond to Glasgow City Council's review of policy on public processions stakeholder consultation. (S3O-11200)

The Minister for Community Safety (Fergus Ewing): It would not be appropriate for the Scottish Government to submit a response to the consultation, which is about the local operation of legislation relating to public processions. Under the current legislation, which was amended by the previous Administration in 2006, responsibility for the regulation of marches and parades in Scotland rests with local authorities. It is for them, in consultation with the local chief constable and other local interests, to agree how to operate the legislation locally, to decide whether events should go ahead, and to decide whether any restrictions should be placed on them.

Bill Butler: I thank the minister for his understandably cautious response. However, he will be aware that the most recent statistics show that, in 2009-10, Glasgow hosted 500 parades, many of which were feeder or return parades,

which is more than double the number held in Edinburgh, without the additional funding that is awarded to Edinburgh via the £3.5 million capital city supplement. Given the demands that that volume of parades places on already hugely stretched police budgets and the disruption that such a large number of public processions causes communities, does the minister agree that Glasgow City Council is providing clear leadership on the issue and is correct to consider ways of reducing the number of parades that are held in Glasgow?

Fergus Ewing: I am aware of the close interest that Bill Butler and other members have taken in public processions. He is correct to say that the police costs for managing parades are significant—they amounted to an estimated £1.7 million in Strathclyde in the past financial year. It is therefore legitimate for local authorities and the police to encourage march organisers to consider the strain on resources that large-scale or contentious events present, particularly in the current economic climate, and to take account of that in the planning process. I take up Bill Butler's invitation to encourage all relevant bodies to work together nationally with parading organisations to develop an approach that will lessen the impact of parades on communities throughout Scotland.

Dyslexia and Additional Support Needs (Professional Development)

3. Margaret Mitchell (Central Scotland) (Con): To ask the Scottish Executive what measures it is taking to monitor levels of professional development of those working in the areas of additional support needs and dyslexia. (S3O-11286)

The Minister for Children and Early Years (Adam Ingram): Scotland has a comprehensive framework to assess and support young people with additional support needs, including dyslexia. Under the Education (Additional Support for Learning) (Scotland) Act 2004, education authorities have a duty to identify and keep under review the additional support needs of all pupils for whose education they are responsible. That act will be reinforced by the Education (Additional Support for Learning) (Scotland) Act 2009.

It is important that teachers have the skills and knowledge to work effectively with all the children and young people who are in their classrooms and it is the responsibility of local authorities, as teachers' employers, to ensure that that is the case. The Scottish Government is committed to continuing to work in partnership with local authorities and others to support them in fulfilling those responsibilities.

Margaret Mitchell: I thank the minister for his comprehensive answer. Will he outline what

incentives and support are available to encourage teachers to obtain a further qualification to ensure that they have the proper training in special needs and dyslexia? It is clear that that would help to ensure that the necessary expertise was available in schools. For example, could the General Teaching Council for Scotland's professional recognition qualification count towards chartered teacher status?

Adam Ingram: I will reflect on Margaret Mitchell's latter point and get back to her.

As Margaret Mitchell knows, requirements to undertake continuous professional development are built into teachers' contracts. It is up to line managers in schools to address issues that teachers might have by encouraging them to take qualifications—I know that the teaching profession has an appetite for that.

Ambulance Cover (Rural Communities)

4. Nanette Milne (North East Scotland) (Con): To ask the Scottish Executive what progress has been made to provide ambulance cover for rural communities. (S3O-11285)

The Deputy First Minister and Cabinet Secretary for Health and Wellbeing (Nicola Sturgeon): The Government is committed to ensuring that the Scottish Ambulance Service continues to provide safe, efficient and effective services to patients across Scotland, including those who live in rural communities. We are clear that where a patient lives should not affect the quality of service that they receive, which is why the health care quality strategy contains the key action of implementing the strategic options framework for the emergency response in remote and rural areas.

Nanette Milne: The cabinet secretary will be aware of the campaign to restore out-of-hours ambulance cover in Braemar and upper Deeside in north-east Scotland and of the possibility that a model will be put in place there that could be used in other remote and rural communities. So far, that restoration has not been achieved. Concern is growing in the Braemar area that the Scottish Ambulance Service wants to downgrade the Ballater provision to a technician and care assistant. The nearest paramedic would be stationed in an upgraded Aboyne station, which would leave us with no paramedic west of Aboyne. Will the cabinet secretary agree to meet me and other north-east representatives urgently to discuss those concerns?

Nicola Sturgeon: I am happy to meet Nanette Milne. To reassure her and her constituents, I say that there is no intention to downgrade the service in the way that she described. It is important that the Ambulance Service continues to work to

provide appropriate cover in remote and rural areas, as it does throughout the country. I am more than happy to discuss any local concerns that she has.

Mike Rumbles (West Aberdeenshire and Kincardine) (LD): I welcome Nanette Milne to the campaign for ambulance provision in my constituency. I am heartened that the cabinet secretary says that the concerns are being somewhat overhyped. Does she agree that it is important to maintain our level of ambulance cover in Aboyne and upper Deeside in my constituency?

Nicola Sturgeon: I am sure that Mike Rumbles is aware of the situation. Following long-term absence, two members of ambulance staff have returned to duty at Ballater station, and two vacant urgent-tier posts have been filled. It is important that local consultation continues on how to ensure the appropriate level of ambulance cover, but I stress for the purposes of today's exchange that there are no plans to downgrade the current service at Ballater station.

Science Strategy

5. Linda Fabiani (Central Scotland) (SNP): To ask the Scottish Government what progress has been made with its science strategy. (S3O-11256)

The Cabinet Secretary for Education and Lifelong Learning (Michael Russell): We are making excellent progress with the wide-ranging and cross-Government commitments that are set out in "Science for Scotland". Our research is cited by researchers around the world more often than that of any other country, in comparison with our gross domestic product.

In education, candidates sat the first-ever Scottish baccalaureate in science this year and achieved an impressive pass rate of 74.8 per cent. In health research, a major success has been the NHS research Scotland initiative, which ensures that research and development approval times are now very fast. It is being cited as the benchmark for other parts of the United Kingdom. Of course, the saltire prize—our international marine energy challenge, which was launched in March—has already received 151 registrations of interest from 31 countries and two official competition entries.

Linda Fabiani: Does the cabinet secretary recognise the value of organisations such as the Scottish Universities Environmental Research Centre in East Kilbride, which undertakes groundbreaking scientific research and work in its field of operation? Does he agree that such organisations should be well supported and encouraged to disseminate their knowledge and experience as part of the Government's science strategy?

Michael Russell: I am familiar with the Scottish Universities Environmental Research Centre's work. Indeed, the member and I visited the centre this week, so I have recent knowledge of it.

I am impressed by the centre's work with Historic Scotland and a wide range of clients on carbon dating, on some aspects of which it leads the world. The centre's mass spectrometer is one of only two in the UK. That demonstrates that the centre's work is cutting edge. Most impressive of all is the fact that universities are increasingly ensuring that it is central to their plans and operates on their behalf. That shows a desire to share activity and cost and to achieve excellence. Those two aims can go together. That is an encouraging indication for the whole education sector and for the whole of Scotland.

Fitness Campaigns (Budget Reductions)

6. Margo MacDonald (Lothians) (Ind): To ask the Scottish Executive how it plans to drive forward its various fitness campaigns when local authorities are signalling reductions in budgets for fitness, sport facilities and related programmes. (S3O-11292)

The Minister for Public Health and Sport (Shona Robison): The Scottish Government has several physical activity and sport initiatives. Our two main campaigns—active nation and take life on—advocate a number of forms of activity and they are developing as planned. However, we are acutely aware of the need to use existing resources as effectively as possible. That is why we have focused on delivering a model of community sports hubs, which will use resources across different sectors better. I am also exploring further options to establish better co-ordination of funding across sectors to avoid duplication and better address gaps in provision.

Margo MacDonald: Is the minister considering using high schools as community sports hubs? In Edinburgh, the closure of quite a number of sports facilities has been signalled. Let us not dance around the issue—there might be an obstacle to using high schools. I would like the minister to comment on whether the private finance initiative contract might put high schools beyond the reach of clubs. I also urge on her the need to support clubs. Facilities are one thing, but we must have the club structure if we do not have the original plan that we hoped to have.

Shona Robison: I acknowledge Margo MacDonald's long-standing interest in and knowledge of these matters. I had the pleasure of launching this round of community sports hubs at Calderglen high school, which is a model of a high school acting as such a hub. Margo MacDonald is right. I am aware that the City of Edinburgh Council is examining how it can use its high

schools as community sports hubs, to ensure both that provision is as local as possible and that access is improved.

I have asked sportscotland to work with councils at an early stage when they are looking at the future of their sports facilities, so that they can consider potential alternative models such as social enterprise and community ownership, which have been successful in other parts of Scotland. I encourage local authorities to consider those models as potential ways forward.

Elaine Smith (Coatbridge and Chryston) (Lab): Does the minister agree that encouraging greater participation in sporting activity should remain high on the Government's agenda, given the undoubted benefit that sport provides in tackling Scotland's poor public health record? That is especially important in ex-industrial areas such as mine. Will she recognise this week's Coatbridge success story and join me in congratulating the new World Boxing Organization super-featherweight world champion, Ricky Burns?

Shona Robison: I have great pleasure in joining Elaine Smith in doing that. I agree with her that sport and physical activity are high on the agenda and are an important part of our campaign to improve the health of the nation. We have backed that up with action, through investment in community sports hubs, which are a way of not just bringing clubs together but looking at how we can make better use of the facilities that we have and add value and improvements to those facilities. I am happy to agree with Elaine Smith today.

Food Waste

7. Bill Wilson (West of Scotland) (SNP): To ask the Scottish Government whether it has an estimate of how much food waste is generated by supermarkets and their supply chains every year. (S3O-11276)

The Cabinet Secretary for Rural Affairs and the Environment (Richard Lochhead): The Scottish Environment Protection Agency has indicated that in 2008 an estimated 549,000 tonnes of food waste was generated by the retail sector, including our supermarkets, and a further 314,376 tonnes of food waste came from food manufacturers, which constitute a significant part of the supply chain.

Bill Wilson: I understand that European Union legislation prohibits the feeding of domestic and catering waste to livestock, but that does not apply to supermarket waste food. It is likely that supermarkets send a substantial amount of waste food to landfill or, admittedly, for anaerobic digestion, which is better. However, it is more

economical and probably more environmentally friendly to feed that waste to livestock. Would the Scottish Government consider encouraging and facilitating the diversion of supermarket waste to livestock feed? That could be environmentally positive and could benefit economically both farmers and supermarkets.

Richard Lochhead: The member highlights an on-going debate on how to use food waste. Quality Meat Scotland, on behalf of the red meat sector, has in place a moratorium on the spreading of compost from food waste on fields that may be used for feeding livestock. At the moment, a lot of discussion is under way between Zero Waste Scotland, the public body that is responsible for zero-waste policy, and Quality Meat Scotland, the body that is responsible for promoting red meat produce. We hope that that will reach a good conclusion in the near future. I would be happy to send a note to the member outlining the nature of the discussions that are taking place.

Proposed Private Sector Housing Bill

8. Patrick Harvie (Glasgow) (Green): To ask the Scottish Executive what measures it plans to include in its proposed bill on private sector housing. (S3O-11290)

The Minister for Housing and Communities (Alex Neil): As the First Minister announced yesterday, we will introduce the private rented housing bill this autumn. The bill will help to develop further the private rented sector in Scotland, while taking measures to target rogue landlords and unscrupulous agents who act on their behalf. The bill will make improvements to the systems of landlord registration and houses in multiple occupation licensing and give local authorities greater powers to tackle overcrowding.

Patrick Harvie: We all expected—and most of us will welcome—some of the immediate measures to deal with rogue landlords. However, the review of the private rented sector in 2009 raised a much bigger and more fundamental set of questions about reform and gave the impression that regulation of the sector is confusing and a bit piecemeal. Does the minister agree with that assessment? What place will the reform programme have? Will the bill deflect from it, or are a range of other measures proposed to deal with the wider questions that the review raised?

Alex Neil: I had a very successful meeting yesterday with the private rented sector strategy group, which I have asked to prepare a comprehensive strategy for the development of the private rented sector, including considering whether any additional regulatory measures are required. On the basis of that strategy, when it comes forward, we will propose an action plan,

which we will implement when we return to government next May.

First Minister's Question Time

12:00

Engagements

1. Iain Gray (East Lothian) (Lab): To ask the First Minister what engagements he has planned for the rest of the day. (S3F-2531)

The First Minister (Alex Salmond): I am delighted that I and the party leaders will shortly be joining the Cardinal of Scotland to launch the new tartan that was commissioned to celebrate the visit of His Holiness Pope Benedict to Scotland next week. I notice that all the party leaders are sporting the tartan in one form or another. I am sure that the whole chamber will wish to join me in saying how much we are looking forward to the visit of His Holiness to Scotland next week.

Iain Gray: Has the First Minister had the privilege of visiting the construction of the Queen Elizabeth class aircraft carrier at Rosyth or on the Clyde?

The First Minister: No, I have not had that privilege, but I know that my deputy leader Nicola Sturgeon is in constant touch with both management and unions at the Clyde yards, including being in touch with BAE this very morning, for obvious reasons.

I know that this is sometimes difficult, but I can give the chamber some information on how we are proceeding with contact with the United Kingdom Government on what is a hugely serious issue. We received an invitation from Liam Fox on 5 August to attend a quadrilateral on the strategic defence review. We accepted that invitation and suggested 6 September as a date for such a meeting. That did not prove possible, because I understand that the Northern Irish delegation was not able to attend on that date.

We are becoming increasingly concerned that if the quadrilateral meeting between ministers does not take place quickly, there is a possibility that decisions will be made before it does. Therefore, we have prepared a dossier, which we will share with BAE management and the unions in Rosyth and on the Clyde and community interests in the north-east of Scotland. I want as far as possible to get the maximum Scottish unity on this issue, if we are to make an effective submission to the Ministry of Defence.

Iain Gray: I would certainly recommend that the First Minister finds the opportunity to visit the construction of these carriers. Last month in Rosyth I joined workers who were constructing sections of the first carrier and stood on what will be the deck of the biggest naval ship ever built in

Scotland, or indeed Britain. It is truly remarkable in its complexity and scale, but even more remarkable are the pride and skill of those who are building it. To even think of cancelling that first carrier at this stage is crazy.

In the First Minister's dossier, can we be sure that he makes the case that both carriers must be built?

The First Minister: Yes. The full implications of the cancellation of one or both projects will be spelled out in that dossier. The extent of possible job losses would range from 5,000 to 10,000 across Scotland, depending on how one calculates the figures. It should be understood that there are other threats to the defence infrastructure in Scotland, in particular in the north-east of Scotland, where huge job losses would also be possible if adverse decisions were made.

Our intention is to unite as much opinion as possible. I know that that is difficult because we are making a submission to a Government that might be making proposals to the contrary. However, everything that we know about the history of shipbuilding on the Clyde and elsewhere and the key battles in Scotland tells us that the maximum political unity in this chamber is likely to yield the best results.

Iain Gray: It is absolutely the case that we must marshal the most united campaign in defence of the contracts. That is the lesson from previous occasions, for example when Rosyth was betrayed by previous Governments in the early 1990s.

This morning I spoke to trade union conveners in Rosyth and on the Clyde. They are concerned not just for the jobs in their yards but for the future of shipbuilding in the United Kingdom. I know that the Scottish Trades Union Congress and the Scottish Council for Development and Industry are making their views known on the consequences of a decision to cancel the contracts. In a spirit of unity, will the First Minister join me and the trade unionists in making cross-party representations to the Ministry of Defence, in London if necessary, to save Scotland's shipbuilding industry?

The First Minister: May I suggest that we proceed on this basis? As I said, we have responded to an invitation from the Secretary of State for Defence and agreed to take part in a ministerial meeting. The letter, which I have with me, says that the meeting is to take place before final decisions are made—that is made clear. Therefore, we are concerned about this morning's reports and other reports during the past few weeks. Hence the submission that we have drawn up. I am happy to share the submission with all the parties in the Parliament. Of course, it might be that there is not cross-party unity on certain

aspects. However, if we can establish unity in terms of an understanding of the full implications for the economy and skills base in Scotland, that will be an achievement in itself.

I know Jamie Webster extremely well and know that he and his shop steward colleagues would like us to proceed in that way. I know that the community interests in north-east Scotland would like us to proceed in that way. Let us see how much unity we can get behind the submission that we make to the MOD and let us ensure that we get it in before the final decisions are made.

Iain Gray: There is no disagreement between the First Minister and me about the consequences of a decision to cancel the contracts. Cancellation would mean the loss of 4,000 jobs in Govan, 2,500 jobs in Rosyth and perhaps as many as 10,000 supply-chain jobs. Hundreds of apprenticeships would go. Cancellation would not only in effect end shipbuilding in Scotland but undermine our engineering base, which is so important not just for the future of shipbuilding but for other, new industries, such as renewables.

The importance of the decision, which is imminent, cannot be overstated. Later today I expect to see the Secretary of State for Scotland, and I will certainly raise the issue with him. The dossier is welcome and the meeting that the First Minister is arranging is welcome. For the sake of unity, we must make the argument in as many places, in as many ways and with as many voices as we can do. The case cannot simply be a Government case. That is why I am asking the First Minister to work with me and the trade unions to make cross-party representation in support of the Scottish Government's case. Like the First Minister, I do not know how wide the cross-party support that we get will be, but surely the voice of the First Minister and the leader of the Opposition would be a good start.

The First Minister: We established that consensus and agreement in my answer to the first question, so we should not struggle to remove it by the time we reach the answer to the final question.

Let me finish by making the following remarks. Yes, I agree to sharing the submission with all parties in the Parliament. Yes, where we agree—and there are key points of agreement with regard to shipbuilding and the aircraft bases in the north-east—in my view we should submit jointly, not just between parties but with worker and management interests, which are keenly involved as well. That seems to be a sensible proposition, which will give us the maximum leverage.

Of course, that will not stop political parties putting in submissions on elements on which we disagree, for example on whether the Trident

missile system should be included in the strategic defence review. Let us achieve the maximum unity where we can do. I said in answer to Iain Gray's first question and I repeat: I agree with him. I hope that that will carry the maximum unity across the Parliament.

Secretary of State for Scotland (Meetings)

2. Annabel Goldie (West of Scotland) (Con): Presiding Officer, I think that all members in the chamber would join me in sending our sympathy to the Prime Minister on the sad death of his father.

To ask the First Minister when he will next meet the Secretary of State for Scotland. (S3F-2532)

The First Minister (Alex Salmond): I will meet the Secretary of State for Scotland next Thursday.

I say to Annabel Goldie that I sent the Prime Minister a personal letter of condolence yesterday and I expect that all members share her thoughts on the matter.

Annabel Goldie: I thank the First Minister for his comments.

Yesterday, a humiliated First Minister ditched the defining policy of him and his Scottish National Party Government. The independence bill went through the shredder. The First Minister will have to cope with the spasm gripping his fundamentalist corps, his flagging troops and the anguish on his back benches, but what taxpayers want to know is how on earth the First Minister can justify spending £2 million of their money on party-political propaganda, which has turned the national conversation into a nationalist con.

The First Minister: First, the costs of the national conversation were £400,000, not £2 million. However, whether they were £400,000 or £2 million, they seem to me to be considerably less than the estimated £90 million cost of the alternative vote referendum that the Conservative party proposes to hold on the polling day for the Scottish Parliament elections next year. I find many things about that referendum remarkable, but for the Conservatives to propose a referendum that they do not support on an electoral system that they do not support with the intention of campaigning against it when they get to the referendum strikes me as more remarkable than anything else that can have happened in connection with referendums not just in the history of this Parliament but in the history of politics.

Annabel Goldie: Presiding Officer, the First Minister and I are responsible for events within this Parliament.

The First Minister has confirmed that his independence bill is now nothing more than a piece of SNP campaigning propaganda. It was

bad enough that he gambled millions of pounds of taxpayers' money on his failed policy, but it would be a scandal and an outrage if any more public money were squandered on his party-political campaign. Will he guarantee today that not one penny more of Government money and not one minute more of civil service time will be spent on this blatant SNP self-promotion, which would be a crass abuse of taxpayers' money?

The First Minister: The proposal for a bill on independence and financial responsibility is now complete and will be published shortly. As I said yesterday, we will now take the case to the people of Scotland for endorsement.

It was said in yesterday's debate that, alone among the Opposition parties in this Parliament, the Conservatives have been consistent in their opposition to the bill. However, I found out that there were suggestions some years ago that Annabel Goldie's deputy leader had tinkered with the idea of approving of an independence referendum. Up until that point I had not realised that, secretly, across the chamber, there are people who might well want to support an independence referendum either now or, as Iain Gray has said, at some time in the future. Hopefully, the verdict of the Scottish people next May will concentrate minds wonderfully.

Cabinet (Meetings)

3. Tavish Scott (Shetland) (LD): To ask the First Minister what issues will be discussed at the next meeting of the Cabinet. (S3F-2533)

The First Minister (Alex Salmond): The next meeting of Cabinet will discuss issues of importance to the people of Scotland.

Tavish Scott: Yesterday, the First Minister highlighted the importance of creating jobs in Scotland's renewable energy industry and gave a guarantee of 20,000 apprenticeships. Is the new course for wind turbine technicians at Carnegie College in Dunfermline one of those that is to be guaranteed?

The First Minister: The points are as stated: the estimate for jobs in Scotland's renewables sector is 20,000 in the fairly immediate future—some announcements coming up shortly will confirm that ambition—and the figure of 20,000 apprenticeships is, of course, also correct.

At some point, Tavish Scott will have to accept that various public bodies not only in Scotland but elsewhere are planning budget reductions. That might have something to do with the comprehensive spending review that his colleague Danny Alexander is undertaking at the present moment.

Tavish Scott: "It wasnae me" did not last long there. [*Laughter.*]

The Presiding Officer (Alex Fergusson): Order.

Tavish Scott: The German company Siemens has worked with Carnegie College to create the first-ever four-year wind energy technicians course. The company wants to triple the numbers every year and yet it is made to traipse between the Scottish Qualifications Authority, Skills Development Scotland, the responsible Government department and the Scottish funding council. On its website, the SNP says that the Government has created a

"more streamlined service for the Scottish business community"

and yet there is still the mess of four Government quangos and departments passing private industry from post to post. That needs to be sorted.

The First Minister needs to cut that bureaucracy. If he does not, Siemens tells me that the apprentices will be trained in Wales or Yorkshire or it will import the skills from abroad. Fife Council saved the course this year. Will the First Minister ensure ministerial time to bang heads together and get the course guaranteed for the future?

The First Minister: I have three things to say to Tavish Scott. First, I am perfectly happy to look at the case that he puts. I will write to him on that. Secondly, there should be general acknowledgement that the training system in Scotland has been brought together under Skills Development Scotland. That is exactly the process that has happened. Many of the organisations that were previously involved are now encompassed by Skills Development Scotland. Thirdly, I agree that there is more scope for making efficiencies in the delivery of public services in Scotland. That is why we brought forward the Public Services (Scotland) Reform Bill. Doing so allowed us to ensure that two, three or four organisations did not do what one organisation could do; yet, when we brought the bill to the chamber, the sustained opposition came from the Liberal Democrats.

Elaine Murray (Dumfries) (Lab): The announcement that Connaught has gone into receivership is a major concern to many of my constituents. One hundred and fifty jobs are on the line, many of which transferred to Connaught from Dumfries and Galloway Council when Dumfries and Galloway Housing Partnership awarded its maintenance contract to Connaught. In addition, Connaught subcontracts to a number of small local businesses, the future of which are now uncertain. Will the First Minister assure me that his Government will do whatever it can to facilitate a solution that safeguards those jobs in Dumfries and Galloway?

The First Minister: Yes, I can, and I do so for not only the constituency member but the range of members across Scotland who have an interest and involvement in the matter. As Elaine Murray knows, Alex Neil is already involved in seeking to do exactly what she suggests. I am sure that Mr Neil will be very happy to report to her and other concerned members.

Alasdair Morgan (South of Scotland) (SNP): The First Minister will be aware of the decision by the UK Border Agency to withdraw funding for the police force at the ports on Loch Ryan. Given the open nature of the border between Northern Ireland and the Republic of Ireland, the United Kingdom frontier is effectively at Stranraer and Cairnryan, so is it right that the devolved Scottish budget should be expected to pay to police the UK border? What does the unilateral nature of the decision that the Home Office took without consultation say about the future of the respect agenda?

The First Minister: Certainly, it places it in some doubt. It seems beyond argument that, as long as responsibility for the UK Border Agency is reserved, the respective London departments are responsible for funding its operations. It is just not acceptable for the UK Border Agency to withdraw police cover and say that the onus could fall on one of the smallest police forces in Scotland. We are making urgent representations on the matter. In so doing, we are supported by the local chief constable. Hopefully, after reflection, the UK Border Agency and the Home Office will recognise that this is not an effective economy to make.

Alcohol (Minimum Price)

4. Joe FitzPatrick (Dundee West) (SNP): To ask the First Minister what evidence the Scottish Government considered before deciding on a 45 pence per unit minimum price for alcohol. (S3F-2552)

The First Minister (Alex Salmond): Based on a detailed analysis, we consider that a minimum price of 45p per unit is appropriate. In the first year, we could see 50 fewer deaths, 1,200 fewer hospital admissions, 400 fewer cases of violent crime, 22,900 fewer days' absence from work, and 1,200 fewer unemployed. The total value of harm reduction for health, crime and employment would be £52 million in the first year and £720 million over 10 years.

It is encouraging that the Opposition parties have finally accepted that pricing intervention has a part to play in reducing consumption and harm. We remain strongly of the view that minimum pricing is the most effective and efficient intervention that we have available.

The Alcohol etc (Scotland) Bill must be considered in its entirety. We are imposing a social responsibility levy, which will require retailers to make a bigger contribution to the cost of the public services that are needed to deal with alcohol abuse. In that light, and given the comprehensive nature of the proposed legislation, I hope that the Parliament will carry the minimum price proposal.

Joe FitzPatrick: The First Minister might be interested in the initial analysis that the Scottish Parliament information centre carried out into the submissions that were received by Labour's commission on alcohol. Of the 80 respondents, 45 were in favour of minimum pricing, 23 did not express a preference and 12—mostly drinks manufacturers—were against the proposal. Only one of the 80 respondents—a drinks company—put forward Labour's preferred proposal of restricting alcohol sales below the total cost of production, duty and VAT. Given that Labour's own alcohol commission failed to find support for its proposal, does the First Minister agree that it is time that Labour stopped playing politics with the health of the nation, accepted the overwhelming evidence in favour of minimum pricing and got behind the Scottish Government's plan?

The First Minister: I am not surprised that a majority of organisations supported minimum pricing. There is a mood swing in Scotland, with a recognition that minimum pricing would be effective. More and more people in Scotland recognise that we must rebalance this country's relationship with alcohol, and more and more people are prepared to support courageous decisions to do so.

Dr Richard Simpson (Mid Scotland and Fife) (Lab): Why did it take so long for the First Minister to name the price? Is he completely comfortable with the fact that a minimum unit price, now named as 45p, will hand a windfall of £140 million to retailers, but nothing to the Exchequer—and that it is unlikely to produce much for health either?

The First Minister: Richard Simpson spent several years—almost—bemoaning the fact that a minimum price had not come forward, and he presented that as a serious problem with regard to his support for the Alcohol etc (Scotland) Bill. Now that a minimum price has come forward, he presents other reasons for not supporting the bill. I have given statistics on what a minimum price of 45p would do. The social responsibility levy, to which I referred in answer to Joe FitzPatrick, partly answers the questions that he put.

If the Parliament had power over taxation, we would have other options, but the Labour Party does not support the Parliament's having control over excise duties. Therefore, it seems an

extraordinarily easy position for Richard Simpson to adopt: he would maybe do something if only the Parliament had the power to do it, but he does not support our getting those powers. That seems a rather dubious and ridiculous position for someone of Richard Simpson's eminence to support.

Murdo Fraser (Mid Scotland and Fife) (Con): Notwithstanding Joe FitzPatrick's claims, does the First Minister not accept that there is no evidence in support of all the extravagant claims for minimum unit pricing, other than the now widely discredited University of Sheffield modelling study that was commissioned by the Scottish Government, which even its own authors accepted in evidence to the Health and Sport Committee had no greater currency, authority or standing than a weather forecast?

The First Minister: Sheffield university has more currency, standing and authority than Murdo Fraser.

Ross Finnie (West of Scotland) (LD): Given the need for the minimum price to effect a material change in public health in order to satisfy the requirements of article 36 of the Treaty of Lisbon, can the First Minister explain why his Government appears to have rejected the advice of medical experts, such as Dr Peter Rice of the Royal College of Psychiatrists, who considered the appropriate level to be 50p, and the Faculty of Public Health in Scotland, which expressed a preference for 60p?

The First Minister: In the first year, 50 fewer deaths, 1,200 fewer hospital admissions, 400 fewer cases of violent crime, 20,000 fewer days' absence from work and 1,200 fewer unemployed seems to me a significant improvement in Scotland's health and welfare. That is the estimate of the benefits of having a minimum price of 45p per unit.

I find the gymnastics of members of the Opposition parties on the matter quite extraordinary: the Labour Party says that pricing has a role to play but it does not support the proposal for minimum unit pricing; the Conservatives say that the University of Sheffield lacks authority; and the Liberal Democrats would apparently now be attracted to support minimum pricing if only we proposed a higher price. Members can think of all sorts of reasons for not supporting the substantive proposal that is before us, but people who are concerned for the health and welfare of Scotland will back the bill and back minimum pricing.

Mackerel Stocks

5. Karen Gillon (Clydesdale) (Lab): To ask the First Minister what the Scottish Government is doing to address concerns that the total allowable

catch quotas for mackerel set by Iceland and the Faroe Islands could impact negatively on Scotland's fishing communities and destabilise global mackerel stocks. (S3F-2548)

The First Minister (Alex Salmond): I thank Karen Gillon for asking an important question. The Scottish Government is leading the way in calling for a strong response from Europe to the irresponsible behaviour shown by Iceland and the Faroe Islands.

I took the opportunity to discuss the issue with the Norwegian foreign minister when I met him, as Scotland and Norway are the two fishing communities most immediately affected. We agreed to press the European Commissioner for Maritime Affairs and Fisheries to continue to take a strong stand against the action.

The Cabinet Secretary for Rural Affairs and the Environment is in regular contact with the commissioner and has been assured that the matter is a top priority for the European Union and is being brought to the forefront of Icelandic accession negotiations. The Scottish Government will continue to press the United Kingdom Government and the European Commission to achieve a multilateral agreement that is fair to Scotland and Norway and protects this vital industry.

Karen Gillon: This morning, I met fishermen's representatives. I recognise their concerns about the future of the industry because of the actions of irresponsible small, independent nations, such as Iceland, which the SNP held up as being such a good role model in its 2007 manifesto. Will the First Minister tell us what he personally will do to protect our fishing communities with the powers that we have if the negotiations on 12 October do not bring about the international sustainable agreement that we all seek?

The First Minister: I thanked Karen Gillon for asking the question, but I am not certain that her supplementary indicates a command of fisheries. On Tuesday night, I met fisheries representatives, who publicly thanked the Scottish Government for the efforts that it is making on the issue.

As she asks about small, independent countries, she might find it interesting that one of the most effective methods of pursuing the issue is to secure the support of the Norwegian Government, which is not even in the European Union but, as an independent nation, has substantial clout with the European Commission on the issue. There might be a lesson for her in considering the Norwegian Government's actions and authority on it.

It goes without saying, peradventure, that we would be better making decisions as part of a council of ministers than being a lobbying

organisation, which is what the Scottish Government and the Scottish Parliament are often reduced to under the current constitutional set-up. If Karen Gillon can find anyone within or without the fishing community who does not believe that an independent Government would have more ability to progress the issue, she should produce them, because it is unassailably the case that we would.

Ferry Services (Northern Isles)

6. Liam McArthur (Orkney) (LD): To ask the First Minister whether the Scottish Government will withdraw the proposal for a £1 million reduction in the northern isles ferry services budget. (S3F-2536)

The First Minister (Alex Salmond): Liam McArthur has been overtaken by events. Ferry services to the northern isles provide a vital lifeline service to communities across the Orkney and Shetland islands. That is why the Scottish Government has increased the funding to NorthLink by a quarter since May 2007. I am sure that the member will join me and the leaders of Orkney Islands Council and Shetland Islands Council in welcoming the announcement by the Minister for Transport, Infrastructure and Climate Change that the services will not change this year.

Liam McArthur: I welcome the U-turn and the lifting of the immediate threat. Does the First Minister acknowledge that this is just the latest in a series of threats to the lifeline ferry services to my constituency? In 2007, his Government removed £1 million from Orkney's internal ferry budgets, returning it only after sustained pressure. Earlier this year, with absolutely no consultation, ministers decreed that the Aberdeen service to the northern isles would be slowed down to save money. Again, the justification for that was challenged and the Government made a U-turn. Most recently, the threat of a £1 million budget cut that has been hanging over the north isles was lifted only amid the outrage that was caused by the simultaneous decision to spend £6.5 million on extending the cheap ferry fare scheme on the Western Isles routes for a further 12 months.

While each U-turn is welcome, does not the First Minister recognise the damage that is caused by such needless confusion and uncertainty? Will he now confirm that there will be no cut in the north isles lifeline ferry service before the current contract ends in 2012?

The First Minister: I will give Liam McArthur two figures. In 2007-08, in the last budget that was set by the Administration of which he was a supporter, Scottish Government subsidies to NorthLink were £29.2 million. In the current year, they are forecast to be £35.6 million. That is an

extraordinary and substantial increase of more than 20 per cent during that period of time.

I mention that to Liam McArthur because it is an extremely positive illustration of the Government's commitment to the northern islands. How does Liam McArthur think that our transport budgets for ferries and everything else across Scotland will fare if his colleague Mr Danny Alexander goes ahead with the cuts projected of up to 25 per cent in the budget set out by transport for England over a four-year period? It might be argued that the 20 per cent increase in funding during the past four years shows this Government's commitment. I suggest that Liam McArthur has a word with the Chief Secretary to the Treasury to ensure that we can continue to sustain such a commitment not just to the northern isles but right across the country.

12:32

Meeting suspended until 14:15.

14:15

On resuming—

Scottish Executive Question Time

Finance and Sustainable Growth

Scottish Enterprise (Meetings)

1. Gavin Brown (Lothians) (Con): To ask the Scottish Executive when it last met representatives of Scottish Enterprise. (S30-11282)

The Cabinet Secretary for Finance and Sustainable Growth (John Swinney): Ministers and officials meet representatives of Scottish Enterprise regularly. The most recent meeting with ministers was on 30 August, when the Minister for Enterprise, Energy and Tourism met members of Scottish Enterprise's executive leadership team.

Gavin Brown: I wonder whether the Government discussed with Scottish Enterprise Scotland's early stage entrepreneurial activity rate. Why is the Scottish rate lower than the rates for the north-east of England, the north-west of England, Wales, Northern Ireland and now Yorkshire and Humberside?

John Swinney: Issues relating to the development of enterprise in Scotland are fundamental to the work of Scottish Enterprise. Ministers discuss regularly with Scottish Enterprise the organisation's priorities and what measures and initiatives it can take to support the development of new business in Scotland. Scottish Enterprise is taking forward a number of interventions, which are set out clearly by the organisation, are promoted by its staff and will be used to encourage the development of new business in Scotland.

Gil Paterson (West of Scotland) (SNP): Scottish Enterprise has secured 60 highly paid jobs in Scotland at Barclays Bank. Has the Government made any evaluation of the downstream benefit to the Scottish economy that those jobs will bring?

John Swinney: The welcome announcement by Barclays will secure 600 jobs at the bank. The economic impact assessment indicated that the gross value added over three years will be at least £95 million. Investments of that type—there have been a number of recent announcements that have been a product of the effective work that Scottish Enterprise has done with Barclays and, into the bargain, on the Hewlett Packard situation—are welcome at a time of challenge in

the employment market in finding new opportunities for individuals in Scotland.

Andy Kerr (East Kilbride) (Lab): My question refers back to that of Gavin Brown regarding the entrepreneurial rate here in Scotland. Would the cabinet secretary, in association with the Cabinet Secretary for Education and Lifelong Learning, care to consider that our undergraduates require much more business and entrepreneurial training as part of their undergraduate courses? In other nations, that is seen as an additional mechanism by which the rate of entrepreneurship can be grown.

John Swinney: I find that a helpful suggestion and undertake to discuss it with the Cabinet Secretary for Education and Lifelong Learning, to determine what additional steps can be taken to encourage entrepreneurship in the curriculum of higher and further education institutions. It is fair to say that, over the past decade or so, there has been much more significant emphasis on business start-up in that curriculum. However, if we can take more measures to assist the process, I would be delighted to do so. If Mr Kerr wishes to contribute to that debate, he is welcome to participate.

Jeremy Purvis (Tweeddale, Etrick and Lauderdale) (LD): After all the changes that the Government has brought to Scottish Enterprise, this year its operating expenditure is £220 million but its expenditure on management, administration and costs is a further £90 million. For every £2 that Scottish Enterprise spends on supporting businesses, the agency costs £1. Is that the right ratio for our economic development agency?

John Swinney: Mr Purvis's analysis does not take into account the fact that Scottish Enterprise operates under a particular business support model—the account management model, which is designed to ensure that businesses, instead of in all circumstances getting grants, get advice and support and development assistance. I meet countless companies that tell me—they volunteer this—that if it were not for the advice and guidance that they get from representatives of Scottish Enterprise they would perhaps not still be in business. The business is people-resource intensive and, as a consequence, the costs are those that are inherent in the structure of Scottish Enterprise to maximise that approach. If there are ways in which routine administrative costs can be reduced, the Government is giving Scottish Enterprise and Highlands and Islands Enterprise every direction to undertake that type of approach.

Glasgow City Council (Meetings)

2. Bill Aitken (Glasgow) (Con): To ask the Scottish Executive when the Cabinet Secretary for Finance and Sustainable Growth or his officials

last met representatives of Glasgow City Council. (S3O-11281)

The Cabinet Secretary for Finance and Sustainable Growth (John Swinney): Ministers and officials regularly meet representatives of local authorities, including Glasgow City Council, to discuss a range of issues.

Bill Aitken: Does the cabinet secretary agree that Glasgow City Council's recent announcement that it is to spend £13 million on an early retirement programme for chief officials indicates a ludicrously top-heavy management structure, that the Labour Party when in power showed scant regard for the taxpayer at local and national level and that that might be an interesting topic for any future meetings that take place?

John Swinney: I think that Mr Aitken is encouraging me to become involved in the internal affairs of individual local authorities. As he will well know from his long and distinguished service in Glasgow City Council—and its predecessor organisation, I think—local authorities are independent statutory organisations that are able to take their own decisions.

Clearly, management infrastructure—this is a general point about the public sector—has to be appropriate to the needs of services in the years going forward. Any levels of management have to be sustainable and affordable within the context of the financial situation that we now face.

Caledonian Maritime Assets Ltd

3. Jackson Carlaw (West of Scotland) (Con): To ask the Scottish Executive what consideration it has given to reforming the structure of Caledonian Maritime Assets Ltd. (S3O-11279)

The Minister for Transport, Infrastructure and Climate Change (Stewart Stevenson): These issues are being considered as part of the on-going Scottish ferries review. The review document currently out for consultation makes it clear that the board of Caledonian Maritime Assets Ltd has been considering whether alternative structural or financing routes could deliver its desired investment programme more efficiently and effectively and in a way that is more affordable to the public purse.

Jackson Carlaw: I am grateful to the minister for his response, which is perhaps somewhat less exciting than the reports that we have been reading in the media. I take it from his response that a mutualised solution is something that the Government might be prepared to consider, along with the board. If that is sauce for the goose of the maritime industry, is it not also sauce for the gander of Scottish Water?

Stewart Stevenson: The member will be absolutely aware of our commitment to make Scottish Water even more successful in future, to build on the huge success that has delivered an average household water bill that is lower than that provided by the private companies south of the border. The company is demonstrating true entrepreneurship in the commercial sector where competition is available, and it is providing huge help to its customers. All that shows that enterprise is not lacking in the public sector. I give Scottish Water unreserved support in its future development.

Charlie Gordon (Glasgow Cathcart) (Lab): In considering any changes to CMAL, will the minister bear in mind its role as a provider of vessels to CalMac and the fact that it is essential that CalMac continues to operate, not least as an operator of last resort for isolated communities?

Stewart Stevenson: CMAL has in the past provided vessels for services outside Scotland, specifically in Northern Ireland. However, the member makes an entirely valid point. We need to ensure that we support communities that have lifeline services on which they depend. One of the benefits of having centralised control of the assets that we use in our ferry network is the ability to move resources around when circumstances require.

Renewables Targets (Wind Generation)

4. Peter Peacock (Highlands and Islands) (Lab): To ask the Scottish Executive whether local planning authorities have targets for the amount of installed wind-generating capacity to guide local planning recommendations and decisions, and if so, how such targets are aggregated to meet Scotland's renewable targets. (S3O-11228)

The Minister for Enterprise, Energy and Tourism (Jim Mather): The Scottish Government does not impose such targets. Local authority wind-generating capacity targets, where they exist, are therefore a matter for specific planning authorities. The national target to secure 50 per cent of electricity by 2020 from renewable sources cannot be compared with local wind-generating targets, because the national target can include other technologies, such as hydro and marine renewables.

Peter Peacock: The minister might be aware of a view that is emerging across Scotland whereby given communities think that their share of Scotland's wind capacity has been delivered and therefore no further planning applications should be approved. Such comments can give the impression that parts of Scotland are closed for business as far as onshore wind developments are concerned. Does the minister think that that should be the case? If it is the case, how does it

square with the need to meet the Government's overall target for renewables? Will the minister seek to clarify the status of local targets in that regard?

Jim Mather: Some local authorities embrace wind power much more than others do. The arguments of some councils that they have done their share perhaps derive from older strategies, a lack of recognition of national targets or recent draft spatial frameworks that started from a position that a large enough share had been taken. Those are not arguments that the Scottish Government finds justifiable. We will work with planning authorities to capitalise on the wind resource when it is appropriate to do so, and we will seek to deliver the clarification for which the member asked.

Jeremy Purvis (Tweeddale, Ettrick and Lauderdale) (LD): I am slightly concerned by the minister's response. He should be aware that Scottish Borders Council has just ended a consultation on the local plan review. Current information shows that more onshore wind energy is generated in the Borders than in any other part of Scotland. The level of onshore wind energy that is generated in my constituency is the highest in Scotland. Will the minister meet me and officials from the council, to discuss the area and the valid issues of cumulative impact and local capacity?

Jim Mather: I would be delighted to meet the member to discuss the issue in detail and to give him the hearing that he requires.

Independence (Debt)

5. Pauline McNeill (Glasgow Kelvin) (Lab): To ask the Scottish Executive how much debt it estimates that Scotland would inherit if it was to become independent. (S3O-11222)

The Cabinet Secretary for Finance and Sustainable Growth (John Swinney): The proportion of the United Kingdom national debt assigned to Scotland under independence would be subject to negotiation, as part of a revised constitutional settlement.

The most recent "Government Expenditure and Revenue Scotland" figures confirm that Scotland has run a cumulative budget surplus worth £3.5 billion during the past four years, while the UK has run a deficit worth £72.3 billion. The Scottish Government thinks that any apportionment of UK debt must take into account the historic strength of Scotland's public finances relative to the UK as a whole.

Pauline McNeill: After all the work that was done on the national conversation, why cannot the cabinet secretary name a figure for what the debt would be should the Government enter into negotiations with the UK about an independent

Scotland? Does he acknowledge the authenticity of the report of the Centre for Public Policy for Regions, which estimates that a £125 billion debt for Scotland would be the starting point for negotiation?

The Government dumped the referendum and the democratic mandate of the Parliament. Will the cabinet secretary put the facts to the Scottish people and acknowledge that an independent Scotland would have substantial levels of debt and that it would not therefore be in Scotland's interests to take independence forward?

John Swinney: The Labour Party is in no position to talk to me about debt, after what it did to the UK economy and public finances during the past few years. It is more than a little rich of the member to lecture me about debt.

I reiterate the point that I made in my first answer to Pauline McNeill. The proportion of the UK national debt that would be assigned to Scotland under independence would be subject to negotiation. She mentioned the CPPR, which recently forecast that Scotland will be in a stronger fiscal position than the UK in each year between 2008-09 and 2011-12. That puts into context what Pauline McNeill said.

Sandra White (Glasgow) (SNP): The cabinet secretary is aware of the new oil fields that have been found in Scotland, and he will be aware that the Nobel prize winner and former chief economist of the World Bank, Professor Joseph Stiglitz, said that it is "imperative" that an oil fund be established. Can the cabinet secretary give the Parliament details of how such a fund would affect Scotland's budget?

John Swinney: Clearly, the example of creating a long-term investment fund from finite resources is a well-tryed approach to creating financial stability and certainty for individual countries. As I am sure Sandra White will be aware, the strength of the position in Norway is generated by its long-term investment fund, from which the Norwegian Government derives an income and which provides capital security for the Norwegian economy into the bargain. Although Norway and Scotland discovered oil at entirely the same time, the approach that Norway took to the development of that resource, which was fundamentally different from the approach taken in the United Kingdom, demonstrates an important lesson on how long-term financial security can be delivered and secured by establishing a long-term investment fund from natural resources such as oil.

Murdo Fraser (Mid Scotland and Fife) (Con): Has the Scottish Government made any assessment of the percentage of Scottish gross domestic product that an independent Scottish

Government would have had to spend on bailing out the Royal Bank of Scotland and HBOS in the same way that the UK Treasury did?

John Swinney: Perhaps if Mr Fraser was keeping up with events, he would understand that at various stages over the past 18 months the United Kingdom Government has dramatically reduced the level of provision in its accounts in support of the bank bail-out. As a consequence, the UK Government will undoubtedly be in a position to make a financial return on that investment. That benefit will of course go to the United Kingdom Government. Perhaps if Mr Fraser could abandon the short termism that is so characteristic of his approach to politics and debate, he could take the broad perspective that I take in considering how some of these questions can be addressed.

Convention of Scottish Local Authorities (Meetings)

6. Mary Scanlon (Highlands and Islands) (Con): To ask the Scottish Executive when the Cabinet Secretary for Finance and Sustainable Growth or his officials last met representatives of the Convention of Scottish Local Authorities and what issues were discussed. (S3O-11278)

The Cabinet Secretary for Finance and Sustainable Growth (John Swinney): I and my officials meet representatives of COSLA regularly and have done so several times in the last few weeks. A wide range of issues are discussed at those meetings.

Mary Scanlon: Has the topic of giving greater powers to local authorities to deal with unauthorised encampments by Travellers been raised at those discussions? Moray Council is currently consulting on proposals for authorised encampments near Buckie and Forres, where significant local concerns have been raised, but there seem to be differing views on what councils are required to provide at encampments for travelling families. Will the cabinet secretary provide further information and guidance on that issue?

John Swinney: I will write to Mary Scanlon more fully on the issue, but I can tell her today that the discussions in which I have been involved have not considered changing the guidance on encampments or the protocols that surround that. However, I will confirm to her whether there has been any other discussion at ministerial or official level. Over the years, various elements of procedure have been set out on the approaches that local authorities can take. In a number of different parts of the country, there are established sites at which people from the travelling community can reside. If there is a need for that guidance to be considered again, I can certainly

give Mary Scanlon an assurance that the Government will consider a request that we do so. For the sake of completeness, I will write to her to give her a fuller explanation of where these issues stand at the present time.

Council Tax Freeze

7. Marlyn Glen (North East Scotland) (Lab): To ask the Scottish Executive what impact the council tax freeze has had on the provision of local government services and the budget-setting process. (S3O-11207)

The Cabinet Secretary for Finance and Sustainable Growth (John Swinney): The Scottish Government has provided £420 million in total to councils to fund the council tax freeze since its introduction in 2008-09. Because the annual increases in the funding for the freeze have been at or above inflation, councils have had around £45 million more to spend on local services than would otherwise have been the case.

Marlyn Glen: I assume that that means that no assessment has really been made. Under this Administration, local authorities have already had to make service cuts. Does the cabinet secretary agree that all such decisions must go through rigorous equality impact assessments? In light of the independent budget review's description of the council tax freeze as unsustainable, how is he planning for any possible changes to—or, indeed any continuation of—the council tax freeze to be assessed for impacts on equalities? Will an equality statement be published with the budget when it finally comes?

John Swinney: On the last point, yes there will be a statement, as there was last year. I have confirmed that to the Equal Opportunities Committee. During this morning's debate I confirmed to Duncan McNeil that that work is ongoing as part of the spending review and will, of course, be part of the decision-making process that ministers undertake. It is essential that that work is carried out.

Local authorities are, of course, responsible for taking due account of their obligations in terms of equalities. I know that authorities take seriously that responsibility.

On the wider question, as I said in my earlier answer, the Government has fully funded the council tax freeze. Indeed, we have done more than that. At the outset, the assumption was that council tax would increase by 3 per cent in each financial year for which the freeze applied. As a consequence of lower inflation, the Government has provided £45 million more than it needed to provide to support the freeze. This is all part of an overall financial settlement to local authorities that

has seen the share of the Scottish budget that goes to local authorities increase in every year of this Administration. That is in welcome contrast to the pattern of reductions in the share of the budget that went to local government over which the previous Administration presided.

Labour Market Participation

8. Andy Kerr (East Kilbride) (Lab): To ask the Scottish Executive whether it has met its target to maintain Scotland's position on labour market participation as the top-performing country in the United Kingdom. (S3O-11212)

The Cabinet Secretary for Finance and Sustainable Growth (John Swinney): Progress against the participation target is measured by comparing the employment rate for the population aged 16 to 64 across the countries of the United Kingdom. Although the Scottish employment rate, as a result of the recession, has recently fallen just below the UK average, Scotland's employment rate performance has been the highest of all UK countries during 11 out of the 13 quarters of this Administration.

Andy Kerr: We heard earlier from Gavin Brown about business tariff rates, entrepreneurship and labour market participation. We also have some dire statistics for unemployment and labour market participation. The cabinet secretary's Government has said that its key focus for the economy, in terms of gross domestic product and growth, is that Scotland will do better than all the other regions and parts of the UK and yet the Government is failing to do so. What other measures can he take to meet at least one of the Scottish National Party's manifesto commitments?

John Swinney: As Mr Kerr knows, the Government is trying to ensure that we take decisions to support economic recovery in Scotland. That is precisely why I took the decision in 2008 to accelerate capital expenditure to sustain and support employment in Scotland and why our economic recovery plan was focused on providing interventions to support the labour market.

Equally, that is why the Government took the decision in the course of this year not to apply any of the additional reductions in public expenditure beyond those that the previous UK Government applied during this financial year. We did that to protect and sustain employment in Scotland. I think that Mr Kerr is familiar with the Government's position, which is that we acknowledge the significance of public expenditure in supporting economic recovery, particularly when the private sector economy faces such challenges. We will continue our focus on supporting employment as effectively as we can within the resources that are available to us to guarantee that Scotland's

employment position improves and that we can retain the situation of Scotland's employment rate performance being the highest of all UK countries, as it was during 11 out of the 13 quarters of this Administration—the overwhelming majority of the term of the Administration.

Kintore Station (Reopening)

9. Mike Rumbles (West Aberdeenshire and Kincardine) (LD): To ask the Scottish Executive whether funding will be allocated in the next 12 months for the reopening of Kintore station. (S3O-11243)

The Minister for Transport, Infrastructure and Climate Change (Stewart Stevenson): We have already allocated funding, through our support for Network Rail, for work to be done in developing options for improving services on the Aberdeen to Inverness route. Specifically, the work will consider the potential for and layout of new stations at Kintore and Dalcross and changes at Inveramsay bridge, as well as frequency improvements and journey time reductions.

Mike Rumbles: I take that as a no to my first question, so I will try a second question. The minister must be aware of the feasibility study that the north east of Scotland transport partnership has already carried out, which indicates that a single-platform station could be established for £6 million. Does the minister agree that that represents good value for money? Will he give a commitment today finally to come up with the necessary funding to reopen Kintore station for the benefit of the people of the north-east?

Stewart Stevenson: The member really should listen to what I say. We have already allocated funding. More fundamentally, we are not limiting our ambition at this stage to a single-platform station at Kintore. Until the design work is complete, we do not yet know whether there will be a new passing loop at that part of the network, which would require a double platform at Kintore if such a station were to be opened. That is precisely why a systematic end-to-end look at the requirements of that vital part of the rail network in the north is required, and it is why we have already provided funding to take forward the issue of a station at Kintore.

Nanette Milne (North East Scotland) (Con): The minister and Mr Rumbles know that I have been campaigning for the reopening of Kintore station for a number of years, and I have held some positive meetings with the minister and local people on the issue in the past. Given that the reopening of Laurencekirk station has resulted in a number of passengers using the station that has greatly exceeded the provisional estimates—by about 80 per cent, I think—what revision of the appraisal system has taken place? What impact, if

any, could that have on project funding for station developments such as that at Kintore?

Stewart Stevenson: The member makes the very good point that estimates have consistently underestimated patronage at new stations. In future, we will be using a new, Great Britain-wide model, which is being tested as we speak. We have already taken steps on the line, by extending to Inverurie services that previously stopped at Dyce. We have started to build the patronage that would be necessary for a station at Kintore.

There is no minister in recent times with the enthusiasm for the railway network that this minister has. That is why we have already allocated funding to consider this important issue.

Road Equivalent Tariff Pilot (Extension)

10. Charlie Gordon (Glasgow Cathcart) (Lab): To ask the Scottish Executive whether its decision to extend the road equivalent tariff pilot until 2012 was based on an independent evaluation. (S3O-11208)

The Minister for Transport, Infrastructure and Climate Change (Stewart Stevenson): The Government is committed to supporting lifeline ferry services and promoting economic growth in all our remote and island communities. We are piloting the road equivalent tariff approach to setting fares in Scotland because we believe that it is the best way to deliver cheaper fares for islanders, tourists and businesses. The RET pilot has been focused on the Western Isles, but we want it to pave the way for fair ferry fares for everyone.

The recent announcement extending the RET pilot for a further year will allow CalMac Ferries to publish its fares for 2011 so that businesses can plan ahead. The final evaluation of the pilot will be completed in 2011. The decision on whether to roll out RET to other routes will be taken next year, once the results of the evaluation are available and have been considered by ministers.

Charlie Gordon: Let me quote from the independent "Road Equivalent Tariff Study: Interim evaluation" of March 2010, which was commissioned by the minister from Halcrow Fox. The evaluation states on page 73:

"It is generally too early to say whether RET has resulted in lowering the cost of living and reducing costs for local businesses."

It goes on to mention a final evaluation—that was to be in December this year, the minister originally told the Parliament. Why is the minister rushing to judgment, before the final evaluation, so as to sustain 40 per cent fares cuts in the Western Isles, Coll and Tiree—and good luck to them—whereas the fares for most other island communities have

increased by nearly 10 per cent on his watch? Is his ferry story not just crude electioneering?

Stewart Stevenson: The selection of the Western Isles for the RET pilot was based on economic and social factors. [*Laughter.*] There has been a 19 per cent drop in the population of the Western Isles in the past 20 years, which is not by any means a matter of levity for the people who live there. [*Interruption.*]

The Presiding Officer (Alex Fergusson): Order.

Stewart Stevenson: The Western Isles has an average wage some £50 to £70 per week lower than that in the northern isles. The RET pilot was a clear intervention to support a part of Scotland that requires our support.

As Charlie Gordon indicated, the Halcrow report said that it was too early to come to a final conclusion. That is precisely why we have extended the pilot for a further year. It is clear that traffic has increased on the back of the RET pilot, but the economic impact is not clear. We want to see that it delivers economic value to the communities. I am confident that we will see that, but we have to do the evaluation at the right time.

Liam McArthur (Orkney) (LD): The minister will be aware of the anger in my constituency at his decision to extend the pilot for a further 12 months. When the decision was made, he and his colleagues in the Western Isles were at pains to highlight the unsurprising success of the cheap ferry fares scheme. It is also not surprising when consultants inform the Government that further work needs to be done.

Does the minister accept that, however long he runs the pilot in the Western Isles, it will tell him nothing about the impact that RET would have on routes to, from and within Orkney? Will he confirm whether any consideration was given to extending the pilot to any routes in the north isles or, indeed, the other Argyll islands?

Stewart Stevenson: It is clear that patronage has risen on the NorthLink routes over the past year. That is a welcome sign of the value that is placed on the ferry links to the northern isles. It is important to realise that, last year, in an attempt to raise further revenue in the face of rising fuel costs, we increased fares on the CalMac Ferries network by 2 per cent but did not apply that increase to the fares for the northern isles in recognition of the fact that the long ferry routes are of a different character. Were we to apply our formula for RET to the northern isles, it would substantially increase fares on certain routes to Orkney and Shetland.

The Presiding Officer: Question 11 was not lodged and question 12 has been withdrawn.

Opencast Mining

13. Robin Harper (Lothians) (Green): To ask the Scottish Executive what limits, if any, it is considering imposing on further development of opencast mining. (S3O-11291)

The Minister for Transport, Infrastructure and Climate Change (Stewart Stevenson): Scottish planning policy fully sets out the Scottish Government's planning policies on surface coal mining. No further limits on development are being considered in relation to opencast mining.

Robin Harper: In 2009, the Scottish ministers issued a new planning circular that removed a key safeguard for local communities that are threatened by opencast mining in their areas. Between 2007 and 2009, permission was granted for an increase of one third in the tonnage of coal that companies could extract by opencast mining. The minister is aware of the concerns that communities throughout Scotland—from Mainhill in Ayrshire to the Airfield site on the border between East Lothian and Midlothian—have about the new opencast plans. Will he meet me and representatives of those communities to discuss their concerns?

Stewart Stevenson: In view of the role that I may play in any planning decision, including the ones to which Robin Harper referred, I will be unable to meet on the terms that he suggests. However, I offer a meeting with my officials, who can discuss the details of our policy and practice. That should be of assistance to him.

Councils for Voluntary Service (Funding)

14. Rhoda Grant (Highlands and Islands) (Lab): To ask the Scottish Executive when it will announce the funding formula for the Councils for Voluntary Service network. (S3O-11209)

The Cabinet Secretary for Finance and Sustainable Growth (John Swinney): We announced in March 2008 that funding for councils for voluntary service, volunteer centres and social enterprise partnerships would be transferred to third sector interfaces in March 2011. That will strengthen the third sector contribution to the work of community planning partnerships. Decisions on funding the interfaces will be made and announced in due course.

Rhoda Grant: Despite having jumped through the hoops that the minister has given to them—which they have done—CVSs are still waiting for their funding formula. I met CVSs in my area over the summer, and rumours abound that most of them face funding cuts in the region of 50 per cent. Will the minister confirm that there is no truth in that rumour, and will he give the CVSs the reassurance that they require to continue their work in that most valuable area?

John Swinney: The Government has come to no conclusions on funding arrangements, so there should be no question that anyone is facing a funding reduction of the order that Rhoda Grant mentioned. Discussions are under way with Voluntary Action Scotland about how to design a formula that meets the needs of all the varied organisations around the country. Once those discussions come to a conclusion, the Government will make the appropriate decisions.

The Presiding Officer: Question 15 was not lodged.

Council Tax Freeze

16. Brian Adam (Aberdeen North) (SNP): To ask the Scottish Government what the average saving on council tax band D property has been over the first three years of the council tax freeze. (S3O-11249)

The Cabinet Secretary for Finance and Sustainable Growth (John Swinney): The average saving for a council tax band D dwelling over the three-year period of the council tax freeze has been £191.

Brian Adam: Given that the cabinet secretary has announced plans to consult extensively on a future continuation of the council tax freeze, what steps will he take to consult the public as well as the councils, since it is the public who are the principal beneficiaries?

John Swinney: As Mr Adam probably knows, the Government is engaged in a range of discussions with members of the public around the country as part of the preparations for the budget. I undertook one of those events in West Lothian the other evening and the next one is in Kirkintilloch next Wednesday. If my memory serves me correctly, there will be an event in Aberdeen that might be accessible to Mr Adam or his constituents.

Information is accessible on the Government's website, where many of these issues are charted. I also look at my ministerial mailbag every day, and, in the past few weeks, while there has been some speculation about whether we should continue with the council tax freeze, which is the Government's preference, many members of the public have written to ask me to resist the calls to allow council tax increases, and to maintain the Government's position of a council tax freeze.

The Presiding Officer: Question 17 was not lodged.

Council Tax Freeze

18. Nigel Don (North East Scotland) (SNP): To ask the Scottish Government how much more the average household in the north-east would

have had to pay if the council tax freeze had not been introduced in 2007. (S3O-11254)

The Cabinet Secretary for Finance and Sustainable Growth (John Swinney): The average household in the north-east would have had to pay £194 more had the council tax freeze not been in place during the past three years.

Nigel Don: Will the cabinet secretary reflect on the essentially strange anomalies that can occur across borders? I have constituents who live a few hundred yards apart but pay significantly different amounts of money because they live either side of a boundary. We have talked about how a local income tax would be a more appropriate way of funding. Does the cabinet secretary have any other options for reducing the inequity of council tax payments across constituencies?

John Swinney: Nigel Don is familiar with the Government's position that a local income tax is the fairest way of raising local taxes. Clearly, we were unable to procure parliamentary support for our proposals during the current parliamentary session. The Government's position remains that a local income tax is the appropriate mechanism for delivering fairness within the local tax system.

Of course, the council tax freeze has provided direct assistance to individual members of the public, who are obviously concerned about the substantial increases in council tax that took place before the Government came to office.

Midlothian Council (Meetings)

19. Rhona Brankin (Midlothian) (Lab): To ask the Scottish Executive when the Cabinet Secretary for Finance and Sustainable Growth or his officials last met representatives of Midlothian Council. (S3O-11199)

The Cabinet Secretary for Finance and Sustainable Growth (John Swinney): Ministers and officials regularly meet representatives of councils, including Midlothian Council, to discuss a range of issues.

Rhona Brankin: When the cabinet secretary met Midlothian Council, did he discuss progress on the Waverley railway line, which, as he knows, is an infrastructure project that will benefit tens of thousands of my constituents in Midlothian? Ancillary work, including the relocation of utilities, was scheduled for this year. Will the cabinet secretary update Parliament on the progress that is being made on that work? Does the project remain on schedule for completion by 2014?

John Swinney: I can certainly confirm to Rhona Brankin that the project remains on schedule. It is in the process of procurement, and ancillary work relating to the diversion of utilities is being undertaken. I assure Rhona Brankin of the

Government's determination to take forward an important project that will provide important transport connections to her constituency and into the Borders, and which will create new economic development opportunities into the bargain.

The Presiding Officer: We have a little time available. Just because I have never done it before, I call question 20.

Glasgow City Council (Meetings)

20. Mr Frank McAveety (Glasgow Shettleston) (Lab): Maybe someone had a wee side bet on whether we would get this far.

To ask the Scottish Executive when the Cabinet Secretary for Finance and Sustainable Growth or his officials last met the leader of Glasgow City Council. (S3O-11216)

The Cabinet Secretary for Finance and Sustainable Growth (John Swinney): I hope that side betting on the Presiding Officer is not to become the next scandal.

Mr McAveety will not be surprised to hear that ministers and officials regularly meet representatives of councils, including Glasgow City Council, to discuss a range of issues.

Mr McAveety: Side bets on the Presiding Officer might be an option, now that snooker and cricket are no longer legitimate interests of the betting fraternity.

In the cabinet secretary's next discussion with the leader of Glasgow City Council, will he recognise that the progress that has been made—against all the odds, given the disadvantage and deprivation that exist—in educational attainment and improvement in Glasgow has been marked in recent years? Will he take that into account in further discussions about the distribution of local government funding?

John Swinney: From his extensive experience in the area, Mr McAveety will be familiar with the discussions about the distribution formula for local authority funding, which takes into account a wide range of relevant circumstances, including the economic and social circumstances that affect individual localities.

I know that the Cabinet Secretary for Education and Lifelong Learning has been paying particular attention to some of the initiatives that are being pursued in Glasgow, particularly the nurture schemes—I hope that that is the right term—which have delivered extremely interesting and positive results. I assure the member that we will continue to have an open dialogue on such educational innovations with a view to determining the most appropriate way of taking them forward.

Independent Budget Review

Resumed debate.

The Deputy Presiding Officer (Trish Godman): We now continue with the debate on the independent budget review.

14:57

Maureen Watt (North East Scotland) (SNP): This morning, we heard much noise and fury from the Opposition about the Government's failure to be more specific at this stage about where the impact of Westminster cuts will fall. In the absence of specific details from Westminster, they are, in effect, asking the Government to do back-of-a-fag-packet calculations which, of course, they would go on to criticise just as much.

However, we have not heard from any of the Opposition members who have spoken in the debate what their red-line issues might be. They are happy to vent their spleens on the suggestions that the independent budget review panel has made, but the idea of being responsible enough to explain how else budget cuts could be made is totally alien to them. They are bereft of ideas, bereft of credibility and bereft of purpose.

This morning, George Foulkes asked us to look at alternatives to cuts, so let me do just that. What Opposition members refuse to understand is that there is an alternative to being forced to swallow the cuts that are being forced our way from London. As long as the Scottish Government's budget is set outside Scottish borders, we will never have the powers that we need to grow our economy, but it does not have to be that way.

With full control over our own finances and the Scottish Government's hands on the economic levers, we could protect the most vital services, grow the Scottish economy and achieve a combination of investment and cuts that is right and appropriate for Scotland, rather than for the desires of a Tory Chancellor of the Exchequer. As long as we are left to set our budget on the basis of how much of Scotland's money Westminster decides to return to us, we will simply not have the flexibility that any normal Government around the world would expect.

At the weekend, Unison general secretary Dave Prentis described the independent budget review as "ice cream van economics" and said that a proper review of the budget does not look at a Government's finances and say, as youngsters do at the ice-cream van, "We've got this much—what can we get for it?" He is absolutely right. A Government with the powers of a normal country would be able to assess which services it needs and to find ways to finance them.

Jackie Baillie: Unless I am much mistaken, it was the Scottish Government that commissioned the independent budget review that the member is now rubbishing.

Maureen Watt: I am not rubbishing the independent budget review; I am saying that there is an alternative, which is what we will put to the Scottish people next May.

It is the Scottish Government's lack of financial powers that has put us in precisely the situation that Dave Prentis finds so objectionable. Perhaps he will begin to press MSPs in the Labour Party, which his union funds, to support real financial powers for Holyrood—but perhaps that is too much to hope for.

That severe cuts are coming is an indisputable fact, but with control of Scotland's resources we could stimulate economic growth, thus ensuring that people in Scotland benefit from the success of industries that are based here. The oil industry in my part of the world should have a key part to play in Scotland's recovery, with significant new finds over the summer and an estimated £45.1 billion in revenue expected to be generated between now and 2015.

Instead of flowing to the Treasury, that wealth should be creating a long-term platform for investment in Scotland. Norway has avoided entering recession in the current downturn thanks to its £186 billion oil fund, and it is instructive how Nobel prize-winning economist Professor Joseph Stiglitz recently forcefully described the need for Scotland to follow suit with its own oil fund as "imperative". Can we rely on any of the Westminster parties to save rather than squander our national resources? Not a bit of it.

As the renewables industry in Scotland develops, it too has the potential to provide real growth, but we need the power to ensure that it is Scotland that benefits. We have paid a heavy price for the lost opportunity that Scotland's oil previously represented, and we cannot allow the same thing to happen again. That is why the First Minister's announcement on Scottish Water yesterday was so exciting. With full financial control, and encouraging growth in new and existing sectors, we can negate the need for some of the coming cuts in the long term.

In the short term, however, and as long as we do not have the financial powers that we need, those cuts are unavoidable. The independent budget review does not make for comfortable reading, but it has laid out some of the options that are available and it will be down to MSPs of all parties to find a way to make the savings that are required.

I can only hope that as the budget approaches we will see a greater willingness to accept that

reality than we have seen so far today. The fantasy politics of making extravagant spending commitments, as Labour members have done over recent months, while refusing to identify what must be sacrificed, is completely untenable and will not wash with the people of Scotland. They deserve better—

Andy Kerr: Will the member give way?

Maureen Watt: I am in my last minute.

The people of Scotland deserve better from their politicians, and we can only hope that the empty rhetoric from those on the Labour benches today is replaced with serious engagement with John Swinney in the weeks to come. The people of Scotland deserve nothing less.

15:03

Jackie Baillie (Dumbarton) (Lab): Unlike the previous speaker, I welcome the report of the independent budget review panel. We would probably acknowledge that many of the proposals in the report have been mooted before, but it helpfully brings together all the different suggestions and points to the scale of the task ahead.

It is right to reflect on that challenge: a 12.5 per cent reduction, which is £4.3 billion in real terms, and 16 years up to 2025-26 for the budget to return to 2009-10 levels. As Tom McCabe said, this is probably about as serious as it gets.

What followed the publication of the report was fascinating, with back-benchers, cabinet secretaries and the First Minister himself all commenting. Within hours of the publication of the independent budget review, we had John Swinney ruling out most of the recommendations. Thereafter, a source from the First Minister said that the SNP would consider reducing funding for eye tests and not proceeding with the next phase of free prescriptions. Then, we had Nicola Sturgeon saying that the NHS budget would be ring fenced before John Swinney again clarified what she actually meant to say.

I will share with the chamber some of the comments that were made. Anne McLaughlin—who, I am pleased to see, is in the chamber today—said in an SNP press release:

"We are phasing out prescription charges and we have ring fenced the NHS budget".

Nicola Sturgeon said in *The Scotsman*:

"I want to give you an absolute assurance [that] the government, just as we have done this year, will in future years seek to continue to protect the NHS budget".

Well—this year 4,000 staff are being cut and 1,500 nurses are being cut. That is the kind of protection that we can expect from Nicola Sturgeon.

John Swinney: Will Jackie Baillie give way?

Jackie Baillie: I am just coming to John Swinney. Pressed on “Newsnight Scotland” about the Cabinet Secretary for Health and Wellbeing’s comments about ring fencing, John Swinney said:

“What I have said throughout this process is that the Scottish Government is committed to pass on the Barnett consequentials.”

He went on to say that

“There is a fundamental difference between that commitment and ring-fencing.”

Another day, another version of the truth.

John Swinney: I take Jackie Baillie back to her comment about the health budget in the current financial year and ask her what measures were proposed by the Labour Party in the budget negotiations this year to increase the health budget.

Jackie Baillie: We have consistently argued that it is about priorities, as has the Health and Sport Committee. [*Interruption.*] Mr Swinney can laugh, but I think that it is the wrong priority for the Government to spend £30 million on distinction awards for a small number of senior consultants when it spends only £20 million on tackling hospital-acquired infections. That is an example of exactly what I am talking about.

John Swinney: Will the member take an intervention?

Jackie Baillie: No. I have heard enough from Mr Swinney.

Labour’s position is clear. We will allocate all the Barnett consequentials arising from the UK Government’s health decisions to the health budget in Scotland, which is exactly the same position that has been adopted by the Scottish Government. It is dishonest of some SNP members to present what the Government is proposing as ring fencing the entire health budget because, as John Swinney pointed out, it is not.

The independent budget review points to the scale of the reduction that will be required in other portfolios if the health budget is ring fenced—not a cut of 12.5 per cent, but a cut of 20.2 per cent. Health is not about what is in a single budget line; it is much wider than that. Early intervention programmes for children contribute to long-term health and wellbeing. Employment contributes to a person’s long-term health and wellbeing. Provision of care services to enable people to remain in their own homes is also better for the individual and it saves the NHS money because, if we do not do that, we accelerate older people ending up in hospital. Let us look at health in that wider context and recognise that it is about much more than one narrow budget line.

I turn now to budget information. This morning, John Swinney said that we need to work together in Scotland for Scotland’s long-term interests. I agree; however, it is difficult to do so when we are working blindfolded. To deny Parliament the opportunity to consider budget information now is to deny us the opportunity to work together. I trust Andrew Goudie’s analysis of the budget and I urge the cabinet secretary to publish now. To leave it to the last minute is irresponsible. The SNP can provide best-case and worst-case scenarios and can remove a little of the uncertainty. In town halls and health boards across Scotland, finance staff are trying to crunch the numbers and would welcome guidance, and the cabinet secretary can deliver 99 per cent certainty. They are now engaged in talking to people about estimates, so why cannot he?

John Swinney also said that he will wait until he publishes the budget to outline the Scottish Government’s pay policy. I question why there should be that delay. He cannot blame the UK coalition, because its information on pay policy has been out in the public domain for some time. He cannot use the same excuse that he has used for not publishing the budget. Why cannot he give us the pay policy earlier than November?

John Swinney also told us this morning about his efforts to engage with people in the public, private and voluntary sectors. That is laudable, but I understand that the town hall meetings are invitation only. It would appear that Jeremy Purvis did not know about the meeting in his area and that David Whitton does not know about the meeting that is taking place in Kirkintilloch. Has John Swinney told the trade unions? Are the general public allowed in?

Finally, I ask the cabinet secretary why we need to wait until November to hear about his plans for efficiency savings. Efficiency savings in health have exceeded the 2 per cent target in the last few years, but the majority of public bodies say that the obvious efficiencies have now been realised. Will he put up the percentage of efficiencies to be realised and insist that they are not recycled but brought back to the centre? The Finance Committee asked the cabinet secretary that question in June and he has still not responded.

The SNP cannot talk about partnership or co-operation if it does not share the budget information about the budget, pay policy and plans for efficiencies. We stand ready to work with the Scottish Government, as do other Opposition parties in the chamber, but instead the Government postures about having more powers and independence which, frankly, is fantasy. There is less money around and we need to address that.

15:11

Bill Kidd (Glasgow) (SNP): The IBR report suggests proposals for Government expenditure and how public spending can be planned on the basis of the restricted finances that we will have available to use on behalf of Scotland's people. To me, and to many other members throughout the chamber—although there are not as many members in the chamber as I thought there might be for such an important debate—that means looking at how best we can serve all of society and be inclusive of those who are most vulnerable to the vagaries of the capitalist system because they live on the financial margins. I therefore choose to highlight the quote in the report from Korpi and Palme, which relates to the arguments vis-à-vis means testing versus universalism. They state:

“universal policies may increase the preference for redistribution”—

which should please some people, if they would like to follow it—

“by generating a more cohesive group identity. Thus, for example, Scandinavian countries have highly redistributive tax systems that are based around universal rather than means-tested benefits.”

Along those lines, I have been happy that the Scottish Government has, when possible, chosen to go down that route. However, this Parliament obviously does not currently have control over the levers of the finances of state, which would allow for full implementation of such a programme.

Andy Kerr: Would Mr Kidd care to share with us what the tax take would be in Scotland and therefore what hard-working Scots would have to pay under the system that he describes? The nations that he refers to have a significantly higher tax rate than Scotland.

Bill Kidd: Yes, they have a higher tax rate than Scotland, and when Scotland has the opportunity to decide for itself, the Scottish people will vote for whom they would like to represent them. That could be for a Government such as there is in Norway or it could be for a Government such as we have in the UK. I find the latter unlikely, but it is possible. It is down to the people to vote for what they want. That is what the Scottish National Party stands for.

However, we do not have full control over the levers of the finances of state, which would allow us to have full implementation of such a programme, if that was chosen and if the people decided that that was what they would like to see.

Other routes therefore have to be assessed, such as eligibility through passporting, which is very important to carers. I would like to mention the role of the Scottish Government and, indeed, the Scottish Parliament in the delivery of services to a large and vital group in our society: the

600,000 or so carers in Scotland. “Caring Together”—the carers strategy that was announced this summer by the Minister for Public Health and Sport, Shona Robison—is a welcome £5 million commitment from the Government for a 10-point carers strategy supporting a new deal for the voluntary sector in supporting respite for carers of all ages.

In conjunction with COSLA, health boards, NGOs and third sector organisations, the Scottish Government has, in the face of what is expected to be a drastic reduction in public spending, committed to helping to support carers through increasingly difficult times. The strategy, which has been developed with carers, will make a valuable contribution not only to their everyday lives but to the lives of cared-for people across Scotland. That is vital, given that successive Westminster Governments have maintained the carer's allowance at the lowest possible level. In fact, at just £53.90 a week—up a paltry 80p since last year—it is the lowest of all state benefits. The previous Labour Government and the current Conservative-Liberal Democrat Government have maintained the allowance at that level, but I believe that whatever Government we had in an independent Scotland would ensure that carers were better treated and not left to survive on such a ridiculously small amount of money.

As a result, I was delighted to hear the cabinet secretary's statement this morning that equality will be one of the checks and balances that the Scottish Government will ensure that departments use in compiling their budgets. Although every element of Government will look to ensure continued delivery of services, it is essential that those at the bottom of the economic heap who are always the most vulnerable at times of economic stringency are protected from getting into even worse financial straits.

I know—as anyone who has been in the chamber today knows—that there will be differences of opinion over how the forthcoming Scottish budget should be divvied up, and that there will be competing claims on the smaller cake that will be available. There will be plenty of yah-boo politicking, but that is only to be expected both in this place and in that other place down the road. However, when it comes to groups such as carers, we should all be singing from the same hymn sheet and looking to ensure that they are not affected disproportionately by budget cuts.

Jackie Baillie: Will the member give way?

Bill Kidd: I am sorry—I have finished.

15:17

Elaine Smith (Coatbridge and Chryston) (Lab): Bill Kidd finished on an interesting point: I

believe that any sensible budget review should have concluded that the SNP Government must decide which services it considers to be important and which are needed in Scotland, and tell us how it is going to pay for them. After all, it is the Government.

In her speech, Maureen Watt quoted Dave Prentis; I want to quote from someone in Scotland—Dave Watson of Unison—who called the independent budget review

“a rather tired rehash of right wing economic orthodoxy”.

The report simply offers suggestions for cutting Scottish public services and universal benefits including concessionary travel, free eye tests and free personal care. It also suggests that tuition fees could be reintroduced and asks the Government to reflect on whether Scottish Water’s status should be changed. I listened to what was said about Scottish Water in yesterday’s debate—although I have to say that I am not entirely clear what it meant—but the budget review report contains some weasel words that suggest that it could be opened to future privatisation. Moreover, it says that the Scottish Futures Trust will become an expert in the disposal of public assets—perhaps we should be happy that it is going to do something—and that road-user charging is to be considered.

Alasdair Allan: On the member’s comment about weasel words, I have to say that I really do not know how much clearer she wants the Scottish Government to be when it says that it will not privatise Scottish Water.

Elaine Smith: I was actually talking about the report that we are debating, but I still have to say that I was not very clear that what the member has said was the case. I am glad that he has put that on the record.

The report also calls for pay restraints, pay cuts and recruitment freezes, all of which will have a detrimental effect on workers, service provision and the economy; indeed, we should not forget that these cuts will also have a resulting impact on the private sector. It briefly mentions the fact that the Parliament has tax-raising powers, but says that looking at the issue lay outwith the review’s remit. I believe that the SNP, which is now in government, was part of the yes-yes campaign and that the vote of the people gave the Scottish Government a mandate in that respect.

The report also calls for an end to the council tax freeze, which was supposedly introduced by the SNP as a short-term measure, pending the introduction of a fairer local taxation system. Of course, that did not happen. The SNP could at least have amended the tax bands to make the current system fairer instead of starving local councils of funds, which is what has happened.

To help to create jobs, boost the economy and meet a dire social need, it would also have been sensible to have had a massive council and social housing building programme over the past few years. It is a myth that the only response to the recession is strict austerity measures with deep, savage and immediate cuts, as members right across the other side of this chamber have suggested. That is not the only response. The debate is taking place in a chamber in which most of the members on those other benches believe that savage public sector cuts are either inevitable or necessary. I do not believe that they are, and neither do Scotland’s trade unions, for example.

The Tory-Liberal alliance is peddling the proposition that cuts are necessary, but the reality is that they are a good excuse to attack the fabric of the welfare state. The Tory-Liberal Government has quickly shown its true colours with its strategy to viciously slash state provision and its strategy of death by a thousand cuts for the public sector, with a rise in VAT that will hit the poorest hardest, and an ideological attack on the welfare state. Basically, there is a reorganisation of society firmly in favour of the rich and big business interests, and away from the workers. Make no mistake: that is what it is about.

We are not all in it together, and we are not all feeling the squeeze. Very little is being squeezed from the rich. The SNP Government seems to be in the camp that believes that savage cuts are inevitable. Here is some news: they are not; they are ideological. Ironically, the SNP gained support in 2007 on a promise to protect public services and deliver social policies that benefit ordinary people.

Alasdair Allan: Will the member give way?

Elaine Smith: I am afraid that I do not have enough time.

The reality is that most of the SNP’s progressive policy promises, such as those on free school meals, free prescriptions and smaller class sizes, have not been delivered and others are unravelling. Police numbers are due to decrease, new teachers are without jobs, and there are fewer nurses. The promised alternative to PFI—the now infamous Scottish Futures Trust—has not been delivered, which has meant a dearth of new building and no stimulus for jobs and the Scottish economy. It is impossible for a party to convince anyone that it is left of centre while it demands and underfunds a council tax freeze. That is now resulting in losses of jobs, services and provision at local government level. However, that allows that party to say, “It wisnae me.” The SNP should be firmly standing up for Scotland against cuts, not forcing them through. Doing that will threaten recovery and increase unemployment, and will be detrimental to people, the economy and services.

There are alternatives. The people's charter offers solutions, and the Public and Commercial Services Union has researched solutions such as employing more, rather than fewer, tax inspectors to catch the avoiders and evaders, who cost some £95 billion a year. It is interesting that *The Guardian* ran a YouGov poll last month to test attitudes towards a one-off tax of 20 per cent on the richest 10 per cent in the country, who own almost half the country's wealth. Some 75 per cent of people polled approved of such a tax. Where is the debate on that? I do not see it.

Rather than accepting suggestions in the review or collaborating on a savage cuts agenda, it would be better if the SNP served the ordinary people of Scotland by looking for ideas from the Scottish Trades Union Congress's there is a better way campaign, for example. That campaign will be launched tomorrow, and there will be a rally on 23 October.

Britain is the sixth richest nation in the world, and its economy is continuing to grow. What kind of mad world is it in which the Government, whether in Edinburgh or London, is allowed to slash services to the poorer majority while the rich minority feel no pain at all? The scorched-earth economics of the Con-Dems, who are aided by the SNP, must be stopped before more ordinary working-class people lose their jobs, homes and services and suffer from associated effects on their health and wellbeing.

In conclusion, it was the rich capitalists of the world who caused the global crash, with their greed and private corporate folly, not ordinary people. Despite Government attempts to rewrite history, it was not public spending that created the problem. In this country, the rich continue to rake in their bonuses. They avoid fair taxes and get richer while ordinary people and the poor and vulnerable suffer disproportionately. There is nothing fair about who the cuts will affect. They will not affect the rich minority who own the majority of this country's wealth.

15:24

Gavin Brown (Lothians) (Con): I get the impression that we will not see Elaine Smith at any of Tony Blair's book signings over the coming weeks—should there be any more.

The backdrop to and the context of the debate are critical. We have an enormous national debt that is pushing on 70 per cent of GDP. We had a structural deficit during the boom years of the previous Government, and we have a fiscal deficit this year that means that we must borrow £149 billion, as Jeremy Purvis pointed out.

The solutions that the coalition Government in Westminster has put forward are based around 80

per cent on cutting spending and around 20 per cent on taxation increases. Anybody who wants to suggest a solution has to understand that the only way to do it is to increase revenue or decrease spending. The coalition has outlined its broad direction of travel. The members on various benches who have said that we do not need to cut spending—some said that we do not need to do that at all and some have suggested that it should not be happening at the rate at which cuts will be made—have to tell us how they would increase revenue. Do they want to increase taxation by more than will happen already or do they want to increase borrowing further? Anybody who suggests that cuts are not necessary and not inevitable must tell us which of those alternatives—tax increases or borrowing—they propose.

We heard that the Scottish Government believes that we need to reduce the fiscal deficit "at a slower rate". I hope that I wrote down accurately what the cabinet secretary said. However, I believe that it is incumbent on the Government to say what it believes that rate ought to be. Mr Purvis put that specific question to the cabinet secretary. Mr Swinney said that it ought to be done at a reduced rate, but he did not say what that should be or how much he thinks we ought to borrow this year over and above the £149 billion.

Margo MacDonald (Lothians) (Ind): I apologise for being late. I was detained elsewhere.

It is possible and reasonable to expect the cabinet secretary to say how much he would like, but I do not think that it is reasonable to ask him to make the judgment that the people who lend the money make, because they look at the whole economy and decide what the risk is, in the same way that anybody who lends money does. He cannot say that until he controls all the money.

Gavin Brown: If someone criticises the Westminster Government for cutting too fast and too deep, it is incumbent on those who make that criticism to say how they think the gaps ought to be plugged. If we choose to increase borrowing—I think that is what the cabinet secretary suggested; he certainly did not propose an increased tax solution—two things will happen. One is guaranteed and the other is a risk. The guarantee is that debt interest will go up; that is a given. It is going to be about £70 billion next year. That is £70 billion that we have to pay in interest before we can spend a penny on public services.

The other side is that there is a risk to our international credit rating for every extra £1 billion that we decide to borrow. We should not overplay the risk, but it is a risk that other countries both inside and outside the European Union have encountered to their detriment. In my view, it is far better to take the cuts ourselves, on our terms and

in our time, than to have them imposed on us from the outside world. They would be imposed on us by the international community if we lost our AAA credit rating. If that happened, £70 billion of interest per year would seem like nothing.

Elaine Smith: My understanding is that financial markets are continuing to fund Government debt. Is the member saying to us that the Government is having problems selling its debt to investors? What is his understanding of the payback period as compared with other countries?

Gavin Brown: I do not think that we are having problems at the moment with the selling of gilts. The point is that, for every £1 billion that we borrow, we have to pay interest, and that is money that cannot be spent on public services. It will be £70 billion as of next year. We do not want that to increase, because we would then have to make even bigger and deeper cuts.

On the budget review, I feel that we have been presented with something of a false choice in the chamber today by the two largest parties. The Labour Party is demanding that a budget be published immediately all the way down to level 3 and level 4 data, showing every nook and cranny of public spending. I do not think that it is reasonable to ask the Scottish Government to produce that today or in the next couple of days, but by the same token, I do not believe that the Government's response—that we know nothing at the moment, that anything that it produced would be on the back of a fag packet and that it would be a crystal-ball budget—is particularly acceptable either.

The cabinet secretary said that the scale of the cuts is clear. Although the figure that he quoted of a £1.7 billion real-terms cut next year is not the absolute figure or a figure that we know to be certain, the fact that he quoted it in his speech and the fact that the independent budget review panel was happy to quote it in the report suggests that it is probably in the ball park. If the figure is in the ball park, it is incumbent on the Government—because it is the Government—to tell us where it stands on the issues that the report covers. The cabinet secretary and, in fairness, all the SNP members who have spoken today have told us what they wanted to keep—what should be sacrosanct—but not a single member of the governing party has made a single utterance about what should be cut. The Government is not facing up to any of the measures in the report, but we need it to do so. We need to see the Government's direction of travel, if not its entire budget, sooner rather than later.

15:30

Tricia Marwick (Central Fife) (SNP): In the next four years, Scotland's budget is forecast to be slashed by £3.7 billion—the equivalent of £4,300 a year for every household in the country. I thought that the debate on the independent budget review would provide an opportunity for all parties and MSPs to consider the review's recommendations and to make suggestions of their own, in advance of the Government's budget.

Labour complains that it does not have enough information. As a member of the Parliament since 1999, I have gone through several budget processes and I can say that the cabinet secretary has given a damn sight more information than the SNP ever had in opposition.

I have listened carefully to the speeches. From Labour, we have heard nothing—no proposals and no ideas. One of the best speeches today was made outside the chamber by Campbell Christie, who said:

“Jobs in the public sector are directly in the firing line. The difficulty for any Scottish government is that the public spending decisions that affect these jobs are taken in London.

The archaic Barnett formula currently used means the Treasury in London hand Edinburgh a block of money each year. But that is set to shrink by billions. All the Scottish parliament can decide is how to dole out the cuts and the misery.

As matters stand, Scotland's government have no power to follow an alternative economic strategy by implementing growth oriented economic policies.

Higher growth will create jobs and generate more tax revenues to protect frontline public services, as well as repaying the high level of debt.

To achieve this, Scotland's government need greater economic powers. But the Calman legislation does not meet this need.

I firmly believe a Scottish government equipped to vary all taxes—including corporation tax and national insurance—would be able to tackle the serious difficulties we face.

I do not want a tax regime to be imposed on Scotland that is utterly unfair and inadequate to meet the challenges we face.

I hope Scotland's politicians will join me in opposing these unfair proposals.”

The SNP certainly supports Campbell Christie's call.

We in the chamber today need to ensure that, in the face of the cuts, front-line services are protected as far as is possible and that industry and skills are supported. The cabinet secretary recently announced support for Fife energy park, grants to BiFab in Methil and a regional selective assistance grant to support reopening the paper mill in Leslie in my constituency. In this parliamentary session, he has also set about

transforming the public sector landscape by abolishing quangos and encouraging local authorities to share services. I regret that the Parliament did not support going further with the proposed abolition of quangos.

Andy Kerr: Will the member give way?

Tricia Marwick: If I have time near the end of my speech, I promise that I will let Mr Kerr in. I have things to say and ideas to propose, unlike Mr Kerr in his 14-minute speech.

We need to go further. To deliver front-line services effectively, we need to ensure that those who deliver the services are as effective as possible. Councils banding together to share services is not the solution; it is a sticking-plaster. For many years, I have believed that local government reform is desirable. It should have been done in 1999, when the Parliament was established, but it was not.

Local government reform is no longer just desirable—it is a necessity. Having 32 local authorities, 32 chief executives, 32 social work directors, 32 education directors and 32 layers of bureaucracy is unsustainable. The local government landscape needs to be reformed. Is local government still the best deliverer of education? Is there an argument for combining health boards and local government and doing away with the artificial interagency arguments about who pays for what? Is there a case for bringing the blue-light services together? I do not know all the answers, but I know this: the solution is not to continue as we are with the delivery of public services.

Margo MacDonald: I disagree with the member, as local authorities and health boards are making plenty of moves to rationalise their services and to ensure that they dovetail. With all due respect, it is a bit of an insult to them for us to tell them what they should do. They are at the pointy end and will be the first to get it in the neck. They are trying to do what is suggested—certainly in Lothian.

Tricia Marwick: I fully accept that local authorities and health boards as they are presently constituted are doing their very best within the structures that are available to them. I am asking Margo MacDonald and other members whether those structures are getting in the way of delivering the public services that we need and causing many of the problems.

Andy Kerr: I seek clarification from the member. She said that Labour members have not offered a package of cuts. For fairness, apart from the Cabinet Secretary for Finance and Sustainable Growth talking about efficiencies, reform and fewer quangos and indicating the red-line areas that the Government wants to protect, what cuts

has the SNP proposed today that are news or information to us?

Tricia Marwick: For a start, I would get rid of Trident, which would free up and save us an awful lot of money. I was talking not just about cuts but about the things that the member would like to save, such as free personal care and concessionary travel. The SNP is committed to those; it would have been helpful to hear today whether the Labour Party is as committed to them as we are. As a country and a Parliament, we now need to think about what services must be protected and what agencies are best placed to deliver them.

15:37

Ross Finnie (West of Scotland) (LD): If today's debate has done anything, it has proved how enormously difficult it is to achieve consensus when faced with the difficult challenge of reducing public expenditure. Understandably, no one wants to do that. Those who represent the bodies concerned do not want us to do it, either. Any chief of police will tell us that removing one policeman will dramatically affect crime; health board representatives will tell us that removing one doctor will have a dramatic effect on health. All of us understand that, but they must understand that we are not making the choice on that basis.

Having received the panel's report, all of us are anxious to have a different debate—about who caused the deficit, about whether there should be an independent Scotland, about whether we should control the monetary supply or about who should set interest rates. All of us do that—I do it, and every party does it. The difficulty, as the debate has again demonstrated, is that that is to skirt around the edges of how we will effect some of the changes to which the report refers.

I know that the cabinet secretary gets upset when we suggest to him that there ought to be a little more detail. I want to take matters further by explaining to him that there is a slight tendency—perhaps because of the way in which the Opposition parties have presented the issue—to give the impression that we expect to have in front of us every last jot and tittle of a budget. We do not, but we wish to know the direction of travel and the policy response. I will illustrate that by looking at the report. If the Parliament's Finance Committee had prepared the document and brought in independent experts to inform it, the Government would, on its publication, have provided us with a detailed response, in policy terms, in relation to the matters that it raises.

Let us take the issue of public sector pay. Given that pay accounts for 60 per cent of public expenditure, there is no question but that it is the

critical element. The cabinet secretary was good enough to say in his opening remarks that he would address that later. I accept the difficulties that are there, but we know that local government organisations are already in discussions with their unions, desperately seeking some kind of formula. The cabinet secretary himself is probably—and understandably—engaged in some discussions on the general shape.

We know from table 4.2 of the report the real difficulty in getting anywhere near some kind of pay agreement by virtue of the nature of the range of organisations with which we have to hold such negotiations and the range of arrangements, agreements and contracts that are in place.

John Swinney: Mr Finnie makes a reasonable argument, as always. He asked about the direction of travel. I think that he was in the chamber for my speech, in which I said that we have more than three years of constrained and tightened pay policy. I expect to tighten pay policy further for the financial year 2011-12 and succeeding years. For me, that is exactly the direction of travel that Mr Finnie is looking for to assist him in trying to form the shape of where we are going on the public finances.

Ross Finnie: That gets us only part of the way. I really do not want to get into a silly debate about this, but if we are suggesting that there is to be serious pay constraint, there are a range of options about which there ought at least to be a debate. I might say, “I have an agreement with Jeremy Purvis about his pay and I want to renegotiate that agreement”, but there are other options. I could say, “There’s a new agreement in which your existing pay agreement is suspended and we have a new agreement for two years, or whatever.” Those are different options. We need to get some information on that in order that all the Opposition parties can participate genuinely in trying to arrive, if possible, at some kind of consensus on this matter.

John Swinney: I am grateful to Mr Finnie, because I think that he is getting into the scope of what I hoped would emerge from the debate. I am interested in finding out from other parties the areas where some of this material can be uncovered. I am involved in discussions about flexibility in the workforce in all sorts of areas. It would be interesting to know whether that view is broadly shared around the chamber.

Ross Finnie: That is exactly where I have been trying to get. Perhaps we have been trying to debate two or three things at the same time in the middle of the same debate.

I will move on. The same applies in the national health service. Of course we are all anxious and we in the Liberal Democrats want to and will

preserve free personal care. In order that we ensure that there are no unintended consequences of that, we have to have a broader discussion with Government on the Government’s review of how we provide health care in the community. The health budget is not the only budget that supports the elderly.

Likewise, we have the consequences of the Arbuthnott review of the local authorities in the Clyde valley, the ramifications and implications of which could be transferred usefully into other local authorities. As well as debating that, we must debate the Government’s intention in relation to savings—whether we are seeking equity across Scotland or whether we are simply saying that we will make the savings and that we will follow the Government’s existing policy. Those policy choices need to be debated and we need to hear the Government’s direction of travel.

I turn finally and very quickly to Scottish Water, which I feel personally quite strongly about, because I was the minister who set it up. It is not helpful for me to suggest to the cabinet secretary that his words might suggest privatisation, because I do not believe that. I say to him as a Liberal Democrat that I have no intention of putting Scottish Water into the private sector, and it might be a better starting point if we accepted that. I might use words such as “mutualisation”, although some of the models that were created in the 1950s, 60s and 70s were vulnerable to privatisation.

My more important point is this: Scottish Water did not emerge, in the context of this report, because of Scottish Water; it arose in order to give us options in relation to capital expenditure. Although I accept the thrust of what was said yesterday—that the Government might have a longer-term plan for Scottish Water—that does not address the immediate issue of how we will ensure that there is an adequate balance of capital expenditure, even in the recession, to address the issue of stimulus into the economy. Of course, as the cabinet secretary knows, refinancing Scottish Water’s debt has the prospect of releasing some £1.2 billion, in relation to post-devolution debt.

I have given three examples of areas on which we must have a better, more detailed discussion. Such discussion needs to be led by the cabinet secretary, and if that happens there might be a more constructive response to the Beveridge independent budget review.

15:45

Pauline McNeill (Glasgow Kelvin) (Lab): No one wants this debate, but it is clear that it is the only debate in town for the foreseeable future. Decisions about the Scottish budget will dominate

our decisions in the coming months, if not years. I welcome the work of Crawford Beveridge and the independent budget review panel.

On Tricia Marwick's point about the renewal of Trident, many members on the Labour benches would be glad to see the scrapping of Trident. However, we must keep the debate relevant. Scrapping Trident would make no difference. Members who join in the debate should stick to the point.

How do we secure the long-term interests of our country and safeguard the quality of life for individuals, create the right safety nets for the people who need them and ensure that there are prospects for the people who might lose out in the coming months? It says in the IBR report:

"Parliament will be tested, and the results of its decisions on the difficult choices it faces will affect all of the people of Scotland."

The magnitude of the issue creates an imperative for the Scottish Government to begin the debate by publishing its draft budget.

Our response must be framed around an attempt to protect the most vulnerable, ensure fairness and maintain delivery of our public services, so that we can keep our streets safe, ensure the quality of health care, maintain standards in education and provide job prospects for young people. The SNP's record so far in that regard leaves a lot to be desired.

The backdrop to the report is the global recession. In his introduction, Crawford Beveridge referred to the global financial crisis. The financial crisis is not an issue just for Scotland and the UK; the pain is shared by many countries. Scotland is not alone. It is childish of SNP members, who purport to want a serious debate about the financial crisis, to ignore or try to refute that. Even their leader, Alex Salmond, has said on the record that there is a global financial crisis.

Labour stands by the robust decisions that we made in government to bail out the banks. We still think that the bailout was a critical move and a brave decision, which was taken to protect the economy and ordinary individuals' mortgages and savings. The decision has long since been vindicated by many leading economists. If it had been left to the Tories there would have been no bank bailout. Such an omission would have had a catastrophic effect on Scottish families and there would have been more job losses across the country. Which side is the SNP on? It has never really said which action it thinks was right to take.

In the aftermath of the bailout, Labour's strategy was to take longer, cut less and reduce the impact on ordinary people. We took that strategy to the electorate and we still think that the approach offered a stronger basis for economic recovery. I

do not agree with Gavin Brown that there is only one way forward. The Conservative-Liberal Democrat coalition's rejection of our strategy threatens the sustainability of our economy. It is worrying that all the indicators are that the coalition's approach will hit the poorest people hardest.

It seems that the UK Government's priority is to push through voting reform and boundary changes. The UK Government plans to have a referendum on the alternative vote system on the same day as the Scottish parliamentary elections. That is perhaps the one issue on which I will agree with SNP members in this debate. I call on the First Minister to register a formal dispute through the joint mechanism and to say that it is not acceptable to have two votes on the same day. Not to acknowledge that the Scottish Parliament rejected such a suggestion shows a lack of respect for this place.

I firmly believe that the UK Government's approach to the cuts agenda is a deliberate attempt to create a mindset in the whole of the UK, including in Scotland, that all that people can expect is deep cuts, a pay freeze and a reduction to pensions. The aim is to lower expectations, as the Tory approach to the economy is to go for deeper and harder cuts. Therefore, I cannot understand why SNP members see no difference between the Labour approach and the Tory approach.

However, we have not seen anything yet. The proposed VAT increase alone will have a devastating impact on the economy once people realise what effect the VAT increase will have on their lives, given that many essential items still, unfortunately, attract value added tax. The abolition of the future jobs fund, which was aimed at young people, is a disgrace and is a huge error on the part of the Conservative-Liberal coalition. The Secretary of State for Scotland is complicit in creating despair among young people by the abolition of the fund. I hope that my Liberal Democrat colleagues will take the case for that fund to Michael Moore, as it was a good scheme. If people really believe that the Thatcher years resulted in lost generations of young people, we must ensure that we do not repeat the mistakes of the past.

I listened with interest to the debate as SNP members trumped out their defence as to why it is impossible to publish a draft budget. They are in government. Joe FitzPatrick said this morning that they have the right to know about Labour's plans. Do the public not have a right to know what the Government's plans are for its budget? There is simply no excuse for such evasion because, as we heard this morning, there is 99 per cent certainty about what the budget will look like. Therefore, it is

quite staggering that the Government is hiding behind that argument.

Apparently, however, the SNP's answer is to take Scotland into independence—

The Deputy Presiding Officer: You should be finishing now, Ms McNeill.

Pauline McNeill: In conclusion, despite their repeated mantra that independence is the answer, we have heard not one iota of detail about how SNP members would use the levers in an independent Scotland in a financial crisis that, as I said already, Scotland is not alone in facing.

15:52

Stuart McMillan (West of Scotland) (SNP): Obviously, we have heard quite a lot, both this morning and in the continuation of the debate this afternoon, about how Scotland will deal with the severe cuts from the Westminster Parliament over what is expected to be a long number of years.

I will touch on Pauline McNeill's point that Trident is not relevant to this debate. If Trident is not relevant, it is certain that VAT and the other Westminster-related issues that she highlighted are not relevant to the debate either.

Some of the accusations and arguments about the Government's failure to publish a draft budget have been, to be honest, quite staggering. When I spoke to constituents over the summer, the cuts that Westminster will impose on the Scottish Parliament often came up, but the people I spoke to were quite astounded at the proposal that we should publish a draft budget. When I pointed out that we do not know how much money we will have and that we could not really put forward proposals when we did not know whether they would happen, the vast majority of people agreed with me 100 per cent.

Andy Kerr: In the same vein, how can Mr Swinney go round the country telling people that this is how much is coming out of the budget: 3.3 per cent or £3.7 billion and asking them for their ideas? The two arguments do not stand together.

Stuart McMillan: As Mr Swinney goes round the country, he can talk about the estimates that have been published, but there is nothing factual and nothing concrete. That is the key point about the scenario with the draft budget that Andy Kerr and Jackie Baillie have argued for.

We have heard a great deal of talk from the Opposition but very little about how it will deal with the financial shambles that is the UK public finances. We heard some proposals from the Labour Party, primarily from Lord Foulkes. He certainly let the cat out of the bag when he said that he wanted to see the Scottish Parliament

increase tax using the tax-varying powers. In the past, Councillor Gordon Matheson has said that he wants to scrap the council tax freeze. There we have it, certainly from the Labour Party point of view. Labour wants to tax people even more; it wants to punish the most hard-pressed people in our society.

Patrick Harvie: Will the member give way?

Stuart McMillan: I need to make progress. I will try to let in the member in a moment.

I read the Unison briefing note last night. I do not always agree with Unison. Indeed, I do not agree with everything in the briefing note except for where it says that, even when

"it is appropriate to start reducing the deficit, spending cuts will not be the only way to cut debt"

and suggests the introduction of a fairer tax system and

"cutting out wasteful spending including PPP schemes, consultants and Trident."

The point that Unison makes on PPP is interesting. I am delighted that it agrees that it is a foolish policy to saddle our population with an annual debt mountain of £1 billion, particularly when the current outstanding bill for Labour's PPP projects is £27 billion. PPP in Scotland was introduced by the previous Scottish Executive.

Jackie Baillie: Will the member give way?

Stuart McMillan: I need to make some progress.

I turn to the CSR in October. One of the first things that John Swinney will have to account for in writing up his budget will be to ensure that the PPP bombshell is covered. The public-private partnership is a funding method that the former Executive and public bodies used. The correct way forward is to look at other methods that would be financially beneficial to the taxpayer. I therefore welcome the IBR and the call that is made in the report for the role of the Scottish Futures Trust to be expanded. On page 129 of the report, the panel suggests that

"the Scottish Government should consider enhancing the role of the Scottish Futures Trust to allow it to lead improvements in capital procurement"

and in paragraph 6.12 on page 122, that the Scottish capital budget

"is projected to fall by £900 million by 2014-15".

In paragraph 6.19, the report says that it is clear

"that parts of the capital programme are more exposed to reductions in Scottish Government's capital budget".

In its annual report, which was published last week, the Scottish Futures Trust said that last year's activities will accrue savings of £114 million.

If Opposition members do not believe what the SFT says in its annual report—which I am sure they probably will not—I hope that they respect the independent London School of Economics, which verified the Scottish Futures Trust figures. The Scottish Futures Trust is delivering for Scotland. As the Confederation of British Industry Scotland says,

“the SFT is performing a useful role in delivering expert advice in areas of financing, procurement, housing and best value.”

That is positive support from an external body. The SFT is a welcome addition to the funding of capital projects. In future, I hope that more schools will be built using SFT financing as compared to PPP/PFI.

Jackie Baillie: Will the member now give way?

The Deputy Presiding Officer (Alasdair Morgan): No, he cannot. I am about to ask him to bring his remarks to a close.

Stuart McMillan: Apart from Lord Foulkes, we have heard much about nothing from Labour. Until we know exactly how much the Parliament will get—and, looking forward, until we get the full powers of independence and become a normal Parliament just like those in normal countries—we will not be fully able to deal with the problems that we have and those that we inherit from Westminster Governments past and future.

15:59

Malcolm Chisholm (Edinburgh North and Leith) (Lab): I apologise for being unable to be present for the start of the debate this morning. I welcome the report for spelling out the scale of the problem that we face and for presenting some of the options that are before us.

I will not spend too long on the background to the report. I hope that members of other parties will note the analysis on page 22, which reminds us of the worldwide recession that began in the US and points out that the deficits that were built up in a range of countries were due to fiscal stimulus, higher social payments and falling tax revenues. It also reminds us that the UK entered the recession with a low level of public debt, and I hope that the Conservatives in particular will take note of that comment.

The report does not express a view on the actions of the UK Government, but it would be right to do so briefly, as they are relevant to the underlying situation. The cuts from the Westminster Government are coming far too fast and they go far too far. The International Monetary Fund has joined many economists in criticising the self-defeating nature of the cuts, which are already leading to lower levels of growth.

I will not concentrate on the cuts that have already taken place under the present Scottish Government during the good times—although I am sure that we will hear a lot about those in the weeks to come. Instead, I will focus on the future, in particular on the alarming table on page 27 of the report, which encapsulates the particular problem that we face, as the cash cuts going into next year are £1.2 billion. That figure is bigger, in cash terms, than the total cash cut over the next four years. We have a particular problem there, and it is regrettable that the Scottish Government has failed to bring forward any proposals to deal with it. It is disappointing that the report does not include costed options to deal with that immediate problem. Where there are costings, in table 5.2 on page 101, for example, there is a lack of clarity and transparency in what is being presented. There are options, for example, for concessionary travel—a matter that I raised at the Finance Committee—but they are not very helpful.

There is a further serious problem with the report, as it does not analyse the budget in terms of fairness and equality—that was another point that I raised with the budget advisers at the Finance Committee on Tuesday.

We know what a serious problem we have at UK level, not just with the level of cuts but with how they are being dealt with, with particular discrimination against the low paid and women. As for the Scottish budget, we have no analysis that would allow us to take those matters into account. There are some further equality dimensions concerning younger people, older people and the other equality groups. We urgently need the Government to do some work on that.

Pay is central to all this. We have to make decisions on pay, taking account of the fairness principle. I hope we all agree that the low paid have to get some preferential treatment. It is quite mistaken, however, to think that pay in itself can deal with our problems. Option 3 on pay, as it is presented in the report, is to me the most drastic and unpalatable option. It basically suggests that everybody should get paid the same next year as this year, and it would result in no cash savings whatever. Even if the draconian pay option was taken, we would still have to find £1.2 billion of cash cuts for next year. The fact is that we have to make unpalatable choices, and I suggest that the ending of the council tax freeze has to be one of them. I do not make that suggestion with any pleasure, but it seems unavoidable, although nobody, at this time of increasing taxes, would want the council tax to go up by an excessive amount.

In this situation, we need to decide what our priorities are and ensure that we have mechanisms for delivering them. I would make

school budgets a priority, but the Cabinet Secretary for Education and Lifelong Learning, who is sitting not far from me, has abolished all the mechanisms for ensuring that school budgets are priorities. That is now left entirely to local authorities.

It is possible to protect health. Having always championed health, I will not stop doing so now. It is self-evident that health does not equal the NHS, as Jackie Baillie and other members have reminded us.

There are particularly steep drops next year in capital budgets—in fact, about half of the cash cut is in capital budgets. There, too, we have to choose. I would make housing my number 1 priority, particularly given the imminence of the 2012 homelessness commitment. That is the kind of choice that we have to make—we have to decide what we have to prioritise, and we have to make unpalatable choices. That is what people find particularly difficult.

There is an urgent need for the Government to produce costed options to deal with the £1.2 billion cash cut that we face next year. It would be ideal if it made its own proposals, but even providing a menu of costed options would help the debate because, at the moment, much of it takes place in the dark.

We urgently need to start a real discussion about next year's budget that transcends political positioning and knee-jerk responses to any proposal that is made. In that context, I was disappointed that Nicola Sturgeon latched on to something that Iain Gray said on "Newsnight Scotland". He used, I think, exactly the same words as the Cabinet Secretary for Finance and Sustainable Growth, but she immediately tried to make a party-political point about it. We really must try to suspend such activity for a week or two, although I realise that that is unlikely to happen.

16:05

Anne McLaughlin (Glasgow) (SNP): Given the importance of the debates and decisions that the Parliament faces, I hope that the red-line issues that the Scottish Government has outlined will limit the scope for scaremongering as we prepare to adjust our public finances. I was pleased to hear Derek Brownlee say in his opening speech that, although we in the Parliament may disagree, we have a duty to work together to find ways forward for the people of Scotland in these difficult times. However, it is ironic that, for so much of this parliamentary session, the Labour Party has scaremongered about free personal care and concessionary travel, but now refuses to guarantee those important schemes.

Jackie Baillie: Will the member give way?

Anne McLaughlin: No, not yet.

One aspect of the independent budget review that will affect many people, especially those on low incomes, is future decisions on council tax. The Scottish Government is to be commended for freezing that regressive tax and for providing the funding for the freeze for the past three years. Tribute must be paid to COSLA's work in making it happen. In turn, the Opposition parties must not be allowed to forget that they stood in the way of replacing that regressive tax and taking Scotland forward.

The Labour Party—with Iain Gray taking his lead from Councillor Gordon Matheson, the leader of Glasgow City Council—has spent many hours in recent weeks talking down the council tax freeze. I remind them that many commentators have said unequivocally that people with incomes just above the qualifying rate for council tax benefit will suffer most. Is the Labour Party honestly planning to go to the polls next year intent on punishing those on low incomes? That is its lookout. It is a long way adrift of its original *raison d'être*, but I have no doubt that its obstructionism and partisan politicking on the issue—like so many others—will be remembered in May next year.

Imagine for a moment that the Opposition parties had supported replacing the council tax and had acted in Scotland's interest, not their own. This part of the debate would be redundant. We would have a sustainable, progressive tax system for local government, and my neighbour, who earns far less than half of what I earn, would pay substantially less than she pays now and, more important, substantially less than I would pay. That is how it should be, but it seems that some Opposition MSPs do not agree.

Tom McCabe: Will Anne McLaughlin explain further the analysis that she has just put forward? The First Minister told us yesterday that we had declining tax revenues as a result of the economic downturn. This morning, Michael McMahon rightly pointed out the impact that declining tax revenues would have if a local income tax regime was in place to fund local services. How would such a regime help the situation?

Anne McLaughlin: A tax system is either fair or unfair, and if it is not based on ability to pay it is completely unfair.

Glasgow City Council—the nation's most effective scandal magnet—is champing at the bit to increase the council tax bill for every household in the city. However, Councillor Matheson also wants to keep the compensation for the council tax freeze. Not only does Glasgow's Labour council think that it should be alone in not having to find savings, it also thinks that Glasgow's citizens

should be alone in having to pay extra council tax. Talk about ripping off Glasgow.

Another important aspect of public spending that the IBR highlighted is efficiency, something about which many of my constituents have expressed strong views. We must acknowledge—like the IBR—that efficiencies alone will not solve our problems, that many of the most obvious and simple efficiencies have already been dealt with and that, as the Government has rightly highlighted, there are no magic bullets. However, efficiencies are an ideal place to start, and by taking a bottom-up approach to them we allow practitioners to identify savings in their sectors, rather than having them imposed on them, which has happened all too often without consultation in the past.

I will consider efficiencies in local government, because they are important, given the level of public spending for which local government accounts in Scotland. I have some sterling advice about that, and I will pass it on, if I may. Spending hundreds of pounds of council money on flowers is not efficient. Arranging fact-finding trips to coincide with football matches is not efficient. Using £900 of taxpayers' money for personal phone calls is not efficient. Having street lights blazing all day long when we have this beautiful daylight is not efficient. Awarding contracts to associates for a centre that has to close down shortly after it is opened because of mismanagement is really not efficient. I could go on. Members will be aware of what I am alluding to, and I am sure that they are also aware that I am being very kind to the council in question.

On behalf of my constituents, I say today that if Labour wishes to raise the council tax, it has to start spending wisely what it already has before asking my constituents for more. Perhaps it will happen. Perhaps Labour's wish will be granted one day and it will be able to raise the council tax, but while Glasgow Labour is champing at the bit, the Scottish Government is doing everything that it can to resist, and to protect council tax payers.

The Government here in Scotland has faced up to the challenges of the financial crisis, and is neither shirking the difficult decisions nor being blinded by ideology. In answer to persistent questions on "Newsnight Scotland" about what he would do, all Iain Gray could say was, "You will find out in our manifesto in May." That will be too little, too late.

That said, I cannot wait for the summing-up, and I am looking forward to hearing whether the Labour front bench will echo the words of Elaine Smith, who said that cuts are not necessary but are ideological—something I would not necessarily disagree with if we had any control of our finances—or the words of Alistair Darling, who

claimed that cuts that are "deeper and tougher" than Thatcher's will be necessary.

16:11

Hugh Henry (Paisley South) (Lab): Earlier, Bill Kidd said that the debate is important. In fact, it is largely pointless. What we have here is a report commissioned by Scottish ministers to make suggestions about what might happen and how we might manage our finances, but Scottish ministers have no opinion whatsoever about the conclusions and recommendations in that report. That makes me ask what the point was of commissioning the report in the first place if ministers will not come back to the Parliament and tell us their opinion of the independent budget review group's suggestions. That means that we are discussing nothing today, we will come to no conclusion, we are no further forward, and, apparently, we will have to wait until November when the budget is produced. Given that, the cabinet secretary and others should have said that the debate should be put back until then.

However, the reality is that ministers already know the consequences of what is in the report. They have the information to hand, and their own chief economic adviser has already given them an indication of what will be involved. I will come back to that point in a moment or two.

It is important to put the context of this debate into perspective. Yes, there is a worldwide recession caused by irresponsible banks and financial institutions, but we should remember that since the Parliament was created 10 years ago, Scotland has seen unprecedented increases in public expenditure. We have had more money to spend than any other generation of politicians has ever had. Audit Scotland indicated that there has been on average 5 per cent real-terms annual growth since devolution. Indeed, this year alone, an additional £1 billion of expenditure was available to the cabinet secretary and his colleagues. We know, therefore, that the Government has had money to spend, and that does not even take into account the £1.5 billion that was left in reserves for the current Administration when it came to power.

At the same time as that unprecedented growth in public expenditure, the Government has managed to cut services the length and breadth of Scotland. On numerous occasions, Jackie Baillie has articulated the cuts in the number of doctors and nurses that the health service faces. Wendy Alexander, Trish Godman and I have outlined the cuts in Renfrewshire in teacher numbers, delegated school budgets and social work expenditure and services at a time of unprecedented financial growth in the Government's budgets.

George Foulkes was right to pose a question about blindly and glibly taking at face value what the Conservatives, supported by the members of the millionaire clique of Liberal Democrats who now control the top echelons of their party and who give cover to the Conservatives, are saying. We should not accept at face value that there is no alternative to what they propose.

For the debate to have had any point, the cabinet secretary should have advanced a programme of action so that we could stand shoulder to shoulder and argue that there is an alternative to what is proposed. He should have said that, along with all the social agencies in Scotland, including the trade unions, we will articulate a different approach because we do not want to see severe cuts that put this country into a double-dip recession and result in costly rising unemployment. He should have said that there is something else that can be done but, unfortunately, he and his colleagues have been silent, because not only is there an election coming up next year, he needs to keep his own troops on side with talk of independence, independence, independence at every opportunity, even though we know that Alex Salmond and his cabinet secretaries have no intention of delivering what his back benchers want in that regard.

To return to the position that faces us, the Government's chief economic adviser has suggested a ballpark figure of around £3.7 billion, which equates to an average cut of 3.3 per cent over each of the next four years. Why have we had no detail on what the cabinet secretary and his colleagues have got to say about capital expenditure? We already know from Audit Scotland that somewhere in the region of £4 billion probably needs to be spent on the public sector estate, never mind any future demands. The maintenance backlog on council property amounts to about £1.4 billion, and we need to spend £1.7 billion on roads, £700 million on the university estate backlog, £500 million on the NHS estate backlog and £2.7 billion on sports facilities. It will take 20 years to catch up on school improvements because of the present Administration's dereliction of duty on the new school building programme.

That is the scale of what confronts us, but today we have heard nothing about how the SNP intends to address it. We do not know what its view is on pay and pensions, and we have heard little of what it has to say on efficiency savings. The Government has skirted over the issue of universality—

The Deputy Presiding Officer: The member should wind up.

Hugh Henry: When it comes to structures—although I appreciate some of what Tricia Marwick said about police and fire services—again there

has been silence. One or two things have been ruled out, but nothing has been said about the key decisions that need to be made. There has been a dereliction of duty by ministers who are charged with looking after the best interests of this country, and it is shameful.

The Deputy Presiding Officer: We now move to wind-up speeches.

16:18

Jeremy Purvis: I am pleased that George Foulkes is back in his seat. Although I missed part of his speech this morning, I heard the start of it, when he said that I was wrong, but towards the end of it he said that I was right. I hope that he does not mind me saying that I have always looked forward to the end of his speeches.

In my speech this morning, I drew attention to research that Liberal Democrats have carried out on the operation of our enterprise agencies and the public sector overall, and the effect that the use of agency staff has on administrative costs. The debate has been at its best when it has focused on the policy choices that need to be made, regardless of the global sum of the Scottish budget. That is part of the work that is now ahead of us.

I highlighted the fact that after all the economic development reforms—reforms to Scottish Enterprise, VisitScotland and Skills Development Scotland—the overall spend on economic development is £380 million. The cost of administration, premises and staff is £140 million. That raises significant questions about whether we need to take a radical look at the delivery of economic development support in Scotland. Given that development is the absolute top priority of the Scottish Government, I hope that it will take those questions seriously, too.

Similarly, for the first time we now have information about the spend on agency staff across the public sector and Government—£145 million over the last full year, which is a 9 per cent increase on the previous year. Again, that needs to be looked at, because in many areas more expensive private agency staff are carrying out functions. It is not the outsourcing of work; it is the use of agency staff to do public sector duties. They cost a lot more and do not turn up on the head count.

A third area that requires proper scrutiny over the next few months to set the long-term direction is capital expenditure. That issue has been raised today, although not substantially, and it is the issue on which the independent budget review was most critical of the Government. We know that capital expenditure is a key area in looking for reductions, and the Government has said over the

past three years that there is both a strategic and a prioritised list of projects. I was surprised, therefore, to read in paragraph 6.37—all members can see this—that

“In the Panel’s view, there is an urgent need to supplement local and organisation-specific prioritisation with a more comprehensive and strategic exercise across the ensemble of capital projects”.

That is a significant reflection from the independent budget review panel.

Policy on capital expenditure has been made in the past few weeks. One of the biggest areas of capital expenditure is within the national health service. On 19 August, an NHS circular was issued to all health boards to implement a new capital allocation policy. Funnily enough, the Government did not need to wait for a long-term considered view or, indeed, the United Kingdom spending review before putting the policy in place. The policy caps the funding that is to be distributed to health boards at £150 million, regardless of the Scottish Government capital budget for the NHS, which I remind colleagues was £550 million for this year. Even if there is a reduction of 20 per cent in NHS capital in one year, that will mean that £300 million is being withheld by central Government and not distributed to health boards.

We have heard much from this Government about promises to keep health care local, but we now have the bizarre situation that the Government wants directly elected health boards to have greatly reduced scope for capital expenditure—and when I say “greatly reduced”, I mean by 75 per cent. For the Borders, there will be a capped limit of £1 million, above which any capital expenditure will have to be bid for to ministers. That should not be the direction of travel. We believe that when resources are tight, there should be more localisation—more local priorities should be set and more decisions should be made by local communities for their local communities—not centralisation.

The Cabinet Secretary for Health and Wellbeing reminded the Parliament that the new Southern general hospital will be paid for purely by public finance. That is part of, if not an ideology, a mantra that we have heard about the evils of private finance and private gain in the public sector—we have also heard about it in this debate—so I was surprised to read in paragraph 33 of that circular that

“The lack of available capital does mean that use of private finance must be an option for Boards to test.”

Therefore, we have a situation in which not only has local boards’ discretion over their budgets been reduced, but the Government is saying that private finance must be an option for them to

consider. No consistent policy approach has been presented as a result of the independent review process for us to know how the capital budget will be managed.

Given that the independent budget review panel said that the Scottish Futures Trust must have a central role and that the SFT said in a press release just last week that it is now supporting a portfolio of £7 billion-worth of projects, what is the Scottish Futures Trust doing?

We have heard today and we heard yesterday about Scottish Water, and many SNP members have said that Opposition parties should bring their ideas to the table. I did that last year. We argued that Scottish Water’s resources should be freed up—it should borrow not from the taxpayer but from other sources to free up £150 million—and we published our argument that the Scottish Water Horizons investment model should be followed to establish what I termed Scottish Water energy. By generating energy through Scottish Water, in a public-private partnership, much as the Scottish Futures Trust has proposed, we could offset much of the £40 million to £50 million electricity bill. That is just one example of an Opposition party putting forward a constructive suggestion, and it has taken a year for the Government to move towards it. We are pleased that it has done so, but we cannot afford to lose more time. That is why the Government must bring forward many more of its proposals now.

16:26

Derek Brownlee: This has been a long debate. Whether it has quite matched the public’s expectation of the Parliament eventually coming together to deal with these difficult decisions, we must wait and see. We have heard some reasonably thought-provoking speeches. In my speech this morning, I did not mention the alternative of raising revenue, but George Foulkes, Patrick Harvie and Elaine Smith all made perfectly valid arguments for raising additional income rather than reducing spending. A number of options were floated, but it will not surprise members to learn that I disagreed with all of them. I would not support an increase in the Scottish variable rate of tax, and I certainly would not support tolls on existing roads. Indeed, it is ironic that the only thing that Patrick Harvie seemed to like in the report was the idea of road tolls, given that he seemed to be quite happy for the roads budget not to exist at all.

Patrick Harvie: If I remember rightly, I was open minded but not wholly convinced that a road user charging scheme could be operated in the short term. Does the member have an open mind on the proposal for a financial transaction tax, which, prior to the election, Conservative front-

bench members at Westminster were talking about? Where has that proposal got to, and what potential does it have to raise funds to protect public services that are under attack?

Derek Brownlee: Any decisions on such a tax must be taken at Westminster—I am sure that the member knows that it is the subject of international discussion. Pauline McNeill made a valid point when she criticised, quite fairly, someone on the SNP benches for talking about Trident, which is utterly irrelevant to the decisions that we make here. However, she rather spoiled her speech when, as Stuart Macmillan noted, she went on to talk about other reserved issues. The fundamental point is that we must focus on what we can do here.

On revenue raising, there is an issue of principle: should we seek to raise more in charges or taxes rather than squeeze spending? I know that many members have not supported the council tax freeze, but it has brought welcome relief to families throughout the country, which has been a good thing. Anne McLaughlin made the point rather well when she said—I am paraphrasing—that we should not ask for a tax rise until we are sure that we have taken all the opportunities to squeeze out efficiencies in the system.

I see that George Foulkes is about to correct me on something.

George Foulkes: No, I just wonder whether Derek Brownlee saw the answer to the recent parliamentary question that I put to the cabinet secretary, which showed that, if someone is poor, they get very little back from the tax freeze, whereas people such as Fred Goodwin, who live in big houses, get substantial amounts back. That cannot be fair, can it?

Derek Brownlee: That comes back to the assumption that people who live in big houses are rich. If that is the case, as I have argued before, council tax must therefore be progressive. However, that is a whole separate issue.

We heard several speeches from the SNP and Labour benches about fiscal powers and the extent to which—whether we are talking about independence or some form of additional fiscal powers—having those would somehow mitigate the spending reductions. I do not often agree with Wendy Alexander, but I agree 100 per cent with her observation that we cannot simply assume that, if the Scottish Parliament had greater financial responsibility, we would be able to avoid spending reductions.

The reasons are threefold. First, proponents of additional fiscal powers, including those in the SNP, have always advocated having lower taxes to grow the economy and, although that would, of

course, lead to higher yield over time, in the meantime it would lead to lower tax revenues, which would require lower spending. I can see the compelling economic argument that lower taxes could enable the economy to grow, but it also imposes a spending constraint in the short to medium term. That never seems to feature in the debate now.

Margo MacDonald: I, too, heard Wendy Alexander's speech, from outside the chamber, and I thought that she raised the pertinent points, as the member has done in reporting on it. Does he also believe in what Alan Greenspan says with regard to fiscal responsibility and capital investment? Alan Greenspan says that every economy and every country will find its own way out. A country cannot do that unless it has the comprehensive range of powers.

Derek Brownlee: The point is that we are where we are. Even with the most optimistic speed of implementation of whatever fiscal powers we will have, we still have to deal with the spending decisions that we face now. Even if we had greater fiscal powers, there would still be the issue of variability in yield, which would require spending cuts from time to time as—unless we borrowed, which is the third aspect—revenues would be lower. Gavin Brown made the point that, if people think the answer to the problem is to borrow more or to borrow for longer, that also has the effect of squeezing out spending through higher debt interest payments, so the situation is not as straightforward as some have suggested.

The debate has been short on specific suggestions about how money can be saved. An honourable exception is Tricia Marwick—I appreciate that she was not articulating the Government view—who raised some perfectly valid points about whether local authorities are best placed to deliver education and about the appropriate structure for the health service and for local government. Those are valid points and there may well be opportunities to squeeze costs out by addressing them.

Other than that, the only significant saving opportunity that was identified by another party was distinction awards, which I think were raised by SNP members. They are a perfectly valid issue and one that Jackie Baillie also raised, but removing them would save something like £30 million when we require savings of billions of pounds. I have a sense that we are as yet nowhere near to facing up collectively to the scale of spending reductions that are required. I freely concede that the Conservatives have not set out sufficient spending reductions to take us to the savings that we need, but no party has and we have collectively to get there.

In a few months—whether people want to argue about the budget being published in November or not—we will not have a choice. For any party that aspires to be in government after May, the choices will come around and we will be judged not only on what we say at the election but on what we do afterwards. That is a test where I think the Scottish people will be looking very seriously at what we do and how well we do it. They expect a bit more than some of what we have had in the debate.

16:33

David Whitton (Strathkelvin and Bearsden) (Lab): As we know, the independent budget review team's report came out during the summer recess. Earlier this week, two of the authors—Crawford Beveridge, who acted as chair, and Sir Neil McIntosh—appeared before the Finance Committee to discuss their work. Mr Beveridge acknowledged that, despite the fact that he and his colleagues had asked for a quick response from the Government, that had not happened—that is not exactly true, because the Cabinet Secretary for Finance and Sustainable Growth, John Swinney, the man who set up the review group, did respond, but only to tell us which of the recommendations he could not accept.

John Swinney has also taken comfort from the fact that the team identified possible cuts amounting to £4.2 billion when the Government apparently needs to find only £3.7 billion over the next three-year period, so clearly choices can and will be made. As a slight aside, I think that it was Mr McCabe who asked Crawford Beveridge whether, if somebody told him that we could also save £4 billion, he would take it; he said yes, he would.

Just like last year, Mr Swinney summoned all the Opposition spokespersons on finance plus Margo MacDonald to take part in cross-party talks to try to get consensus on how to tackle the predicted reduction in Scotland's budget—less the bits that he and the rest of the SNP do not want to look at. There was nothing new there, as that was his *modus operandi* last year. It did not work then because Mr Swinney refused to be open about his plans for his capital budget. We all know what happened. He cancelled the Glasgow airport rail link, but the budget went through because, as usual, he was backed by the Tories.

I have no doubt that the Tories will back John Swinney again. After all, we should give credit where it is due. It was Derek Brownlee, the Tories' finance guru—he must be a finance guru; he is an accountant—who suggested the budget review, copying the Irish model called *An Bord Snip*. Acceptance of that plan bought the Tories' support. However, the real pity—given the SNP's fondness for copying everything Irish—is that

there is a key difference between what happened in the Republic of Ireland and the Scottish model: *An Bord Snip* put a price on its proposals and clearly indicated what it would cut but left the final choice to the politicians. According to the CPPR, the three largest Irish Government departments provided the largest financial savings and the two largest the biggest staff savings. Interestingly, many of the public sector jobs that were subsequently shed came from the ranks of senior and middle managers. However, that was the politicians' choice and it came after a lot of public debate.

The IBR report does not go into such detail, which is a pity because it means that the group has allowed the SNP Government to avoid its responsibilities. Despite all entreaties, neither Mr Salmond, as we heard yesterday, nor Mr Swinney, as we have heard today, is willing to say what budget decisions they are willing to make before they know exactly to the last penny what they will get from the comprehensive spending review, which is due to be announced by the Chancellor of the Exchequer, George Osborne, on 20 October. So much for the urgent action that the IBR team has called for.

Since the IBR report was published, my colleague Mr Kerr and I have repeatedly asked Mr Swinney to produce an indicative budget now. If he wants the type of all-party co-operation he is seeking, he must, as Mr Finnie pointed out, provide some real suggestions with numbers attached. His excuse that he has to wait until the chancellor makes his announcement might be understandable were it not for the fact that a lot of financial information is already out there. As members have said, the SNP already knows to within around 1 per cent what the total allocation is likely to be and it seems that, while local authorities, quangos and other bodies in receipt of cash from the Government are furiously working out best and worst-case scenarios, only Mr Swinney and the SNP believe that that cannot be done.

Yesterday, the First Minister attacked as “wrong headed” those who had asked for what he described as

“back-of-the-envelope budget”—[*Official Report*, 8 September 2010; c 28246.]

numbers sooner, a point repeated by his loyal acolyte Joe FitzPatrick this morning. Perhaps Mr Salmond is scarred by history. Those of us with long memories will remember an SNP press conference of some years ago at which Mr Salmond tried to answer a financial question by sketching out numbers on the back of an envelope and managed to get the answer wrong.

As Mr Purvis pointed out at Tuesday's Finance Committee meeting, the majority of the tables in the IBR report have been sourced from the Scottish Government; indeed, many of them are taken from the report that was compiled by the chief economist, Andrew Goudie, for Mr Swinney himself. The SNP was happy to use that report's contents for party-political purposes during the general election campaign back in April, but now it is not so sure, despite the fact that Dr Goudie has updated it. If the SNP cannot now rely on Dr Goudie's report, which provides so much of the IBR team's source material, what was the point of having the work done in the first place? It is completely misleading to suggest that Dr Goudie, his team and indeed other civil servants in the Scottish Government are just sitting waiting for 20 October before they start work on the Scottish budget.

What we have here is a group of ministers who are hiding from economic reality. How different that is from the situation in Wales that Bruce Crawford mentioned this morning. According to a report in today's *Western Mail*, the Labour finance minister, Jane Hutt, asked every minister to spend the summer going through their budgets line by line to see what could be cut. The Welsh do not have an IBR; instead, they got the ministers to do the work.

Here, only yesterday, the Deputy First Minister—or the lady in waiting, as she might now be considered—told the chamber that she was

“aghast, shocked and deeply concerned to hear”

Labour leader Iain Gray say during a “*Newsnight Scotland*” interview that

“‘Labour would not ring fence the health budget.’”—[*Official Report*, 8 September 2010; c 28325.]

Where on earth has she been? The IBR report says in its executive summary on page 3:

“We could find no overwhelming rationale for protecting major blocks of expenditure ... and would be concerned about the burden this would place on non-protected areas.”

In fact, Mr Swinney's position on that has also changed. Originally, he said that he would protect the NHS budget as well; now, he only says that he will guarantee the NHS consequentials. Was Nicola Sturgeon also aghast, shocked and deeply concerned to hear that the doctors' union, the British Medical Association, said in its submission to the IBR that

“it would be naive to believe that the healthcare budget, one-third of Scottish Government expenditure, could remain immune”

from the expected budget cuts? Health spending does not begin and end at hospital gates, as Jackie Baillie has detailed. The BMA and other health professions recognise that. They want to

see decisive action being taken now to start to prioritise the NHS's core functions and ensure that they are protected so that quality of care and patient safety are maintained.

For the avoidance of doubt, Labour agrees that we would allocate the formula consequentials from Barnett to the health budget in Scotland. That is the same as the SNP's position. While I am on that subject, we will not privatise Scottish Water. We are happy with the cabinet secretary's continued efforts to reduce the number of public bodies that exist and the bonuses of the highly paid chief executives of some of them. We remain absolute supporters of free personal care and concessionary travel. I do not need to remind members, after all, that it was a Labour Government that introduced proposals on them to the Parliament in the first place. We will not make any changes to the Scottish variable rate.

Has Nicola Sturgeon instructed her officials to start line-by-line work on the health department's budget? If she has not, she is guilty of a gross dereliction of duty. The same goes for any other cabinet secretary who has not done so. That has been done in Wales. Why not in Scotland? If that work is not being done, that beggars belief. That is why Labour members have called for an indicative budget from Mr Swinney.

Patrick Harvie: I worry that the member's speech is revealing some of the danger in the Government's decision not to indicate, even in broad terms, where it is willing to make changes. If the Government will not do that, the early part of the debate will be characterised by other parties laying down red lines on what cannot be changed, and that will leave far less room for debate and far less prospect of seeing a budget passed. We all need to take account of that if we are going to persuade the Government to bring forward proposals.

David Whitton: I note what the member says, but the point remains that there is an SNP Government. That is the point that we have tried to make throughout the debate. The Government must take the responsibility on its shoulders.

We do not need to see Mr Swinney's exact numbers, as we agree that some will change, depending on announcements from Westminster. However, this is a Parliament of minorities. If Mr Swinney wants to get his budget bill passed this year of all years, he must be open and honest about his thinking to allow all the parties to participate.

Pay represents the big bill; it consumes 60 per cent of the budget. The IBR report presents four options for consideration. One of the few suggestions that the IBR team made was that a pay freeze and a recruitment freeze should be

considered together. What is Mr Swinney's position on that?

Despite what Mr FitzPatrick may believe, the IBR team says that the council tax freeze should be discontinued and that it does not appear to be sustainable in the long term. Many council leaders—even those who are members of the SNP—agree with that, but Mr Swinney again prevaricates. He wants others to make the decisions for him.

Just after the IBR report was published, Kenny Farquharson of *Scotland on Sunday* wrote in a column:

"What we expect of a government in these difficult circumstances is for ministers to take charge and face up to their responsibilities. Instead, it looks like we're going to get a government that protects its pet policies, leaves its sacred cows unharmed and instead hands all the agonising decisions to local government. It's rich, coming from a party that stands for Scotland taking complete responsibility for its own affairs. At best, this is abdication of responsibility. At worst, it is cowardice."

As we would expect, the members whom the SNP has rolled out to take part in today's debate are still pushing the myth that, if only Scotland were independent, we would not have to make such difficult budget choices. However, the question whether an independent Scotland could have saved the Royal Bank of Scotland, HBOS and Dunfermline Building Society from collapse needs to be asked. I believe that the clear answer to that question is no. As a result of being covered by the UK Government's fiscal recovery plan, thousands of jobs were saved and the savings, pensions and mortgages of millions of people were kept secure. I would hazard a guess that many of us in the chamber today have bank accounts and other financial arrangements with those two Scottish banks.

There is, unfortunately, a price to be paid for that economic recovery and Scotland has to take its share, but it does not need to be at the speed and with the depth of the cuts that the Tory and Lib Dem Government wants. We heard earlier today of the possible threat to shipyard workers from the defence cuts that are being considered. I agree with Robert Brown when he says that we need to take a bottom-up approach to making savings by asking public sector workers where savings can be made, but there has to be a top-down approach as well from ministers and particularly from the First Minister and his finance minister.

I very much doubt that Mr Swinney ever pays too much attention to what I say, but he does listen to my colleague and former finance minister Tom McCabe, who, in a very thoughtful contribution, made a strong plea for leadership from decision makers and commented that the

SNP should not put party needs before the needs of Scotland. I hope that Mr Swinney reflects on that before the next meeting with the other finance spokespeople.

16:46

John Swinney: This has certainly been a long debate, by any stretch of the imagination. In many respects, it has given us an opportunity to consider the issues that are raised by the independent budget review and to examine where its contribution fits into the formulation of a budget for Scotland for 2011-12—because this is not just about the Government's budget; it is about the budget for Scotland and the public services on which people depend.

I am going to disappoint Mr Whitton, because I am going to concentrate a lot on what he had to say. He made a number of substantial points in his speech. As with any speech that he delivers, there were a fair number of contradictions rippling through the contents. He said that I had somehow not shared with the Parliament information on the scale of the financial challenge that we face, and at the same time that I had in some way disowned the predictions of the Government's chief economic adviser. I think that Jackie Baillie made that accusation as well.

I want to make it absolutely clear, in case neither Jackie Baillie nor David Whitton were listening to my speech earlier, that the figures that I quoted—an estimated reduction in 2011-12 of the order of £1.2 billion in cash terms, with a real-terms reduction of £1.7 billion—to show for the nature of the challenge that we face. Those figures are derived from the analysis that was undertaken by the office of the chief economic adviser. Those are the numbers that have been shared publicly, and those are the expectations that are set out in the analysis of the office of the chief economic adviser. Based on that degree of information, the idea that the Government is somehow not providing information that allows Opposition parties to make a contribution to the debate is an unbelievable proposition.

Ms Alexander: In the cabinet secretary's speech this morning, he cited further efficiency savings, cutting the number of public bodies and sharing services in the public sector. Can he put a price against any of those three proposals, which he suggested this morning are the bits of the review that he is going to pursue?

John Swinney: Wendy Alexander's question relates to another of the interesting contradictions in David Whitton's speech. At the same time as he criticised the independent budget review for its calculations on certain policy choices—I presume that he did not like the look of some of them—he

also said that there were no costed options, which was also the centrepiece of Wendy Alexander's speech. I am not altogether sure which document Wendy Alexander and David Whitton have been looking at, because the independent budget review report contains all sorts of costed options. It discusses how we could change eligibility for services and what the financial impact of that would be. It states that we could take different stances on the pay bill, which is the largest single area—£16 billion is spent on public sector pay, and there are costed options in the report. The idea that, somehow, the budget review did not give us costed options and, most important, that it did not give us options that the Opposition could consider—that criticism was deployed today—is a fallacy. All that the Opposition needs to do is to read the report.

Malcolm Chisholm: I raised the issue in my speech, too, but the cabinet secretary was not in the chamber when I spoke. Given that the biggest cash cut will take place next year, will he tell us any of the costed options that will help next year's budget? I said in my speech that even if the Government goes with the draconian option 3 for pay, which involves paying everybody the same next year as they are paid this year, no cash will be saved. Where are the options to save cash for 2011-12?

John Swinney: A range of options is in the independent budget review. One option, which Wendy Alexander just mentioned, is efficiency savings. The review said that we should go for a 2 per cent target as a minimum. Achieving a 2 per cent target would generate in the order of £500 million in efficiency savings. That is a costed option and I produced that while standing here, without thinking terribly much about it. That type of choice exists. It does not need me to do such a sum for the Opposition—the calculation is elementary. Loads of more sophisticated calculations are in the independent budget review document.

That takes me on to whether I should publish a budget now. Mr Finnie's speech was thoughtful as usual. I always enjoy listening to him, because he always produces a thoughtful contribution to the debate. He said that we needed a direction of travel, not a full budget, although—this will be my only pejorative remark about his speech—he voted on 1 July for an amendment that demanded

“a draft budget by September 2010”—

Jeremy Purvis: Or?

John Swinney: Or more detailed financial information.

Jeremy Purvis: Correct.

John Swinney: Well, now we know that the Liberal Democrats mean only parts of an amendment for which they vote.

Jeremy Purvis: Or a multichoice referendum.

John Swinney: The Liberal Democrats could have lodged an amendment in July, but they left it to the dynamic Mr Whitton. They ended up voting for something that they did not believe in. I wonder when we will hear more about that—that might be a warning to my Conservative colleagues.

We are providing additional information and I made it clear in my opening speech that I would assist in providing more information.

I will dwell on Mr Finnie's point about the direction of travel. If he and the Parliament examine what I said in my opening speech—doing so might be painful on a Friday morning, but I encourage members to read the *Official Report*—they will see that I set out several areas in which the Government is clearly taking the debate forward, such as efficiency, pay constraint and work on public bodies. I set out that thinking to Parliament.

Jeremy Purvis: I will be as specific as I can be with my question. The cabinet secretary said that scenario planning is for a reduction of £1.2 billion. It is now the second week of September. Is he saying that, in the work that he is doing on the budget, he has identified where that £1.2 billion will come from, or does he have a funding gap in the options that his officials are presenting to him?

John Swinney: We are involved in a process. That takes me to the nub of what the debate is about and why it would be ridiculous for the Government to publish a budget before we have the full financial information at our disposal. In an intervention on my colleague Linda Fabiani, Mr Purvis quoted my correspondence with him last year. As he said, I said in my letter to him that I published a budget last year to ensure that a specific choice was in front of Parliament. I will do that again in November, when the financial information is available to me.

However, Mr Purvis criticised me last year for producing that budget, because he wanted the opportunity for more dialogue, to form a consensus around the budget. That is precisely what we are involved in now. I commissioned the independent budget review to structure some of that discussion and we have had an all-day debate to give Parliament the opportunity to reflect on some of the questions.

Mr Brownlee, Mr Finnie, Tricia Marwick and some of my other colleagues have made suggestions as to how we could constrain expenditure, but the Labour Party has not exactly engaged with the question. I hope that it will

engage with the question of how can tackle some of the challenges that we face.

Malcolm Chisholm's speech was fascinating. In the course of it, he said that his priorities were education, housing and health. On a rough calculation, that accounts for about 60 per cent of the Government's budget. We face acute pressures across the budget to resolve a number of challenges; we cannot make everything our priority. I encourage the Labour Party to engage constructively with the debate that we are having on this question.

Margo MacDonald: I ask the cabinet secretary to engage just as constructively as he is asking everyone else to do. Malcolm Chisholm made excellent points, which echoed points by Ross Finnie. They asked for priorities to be set out. In my view, the cabinet secretary cannot put a figure on those priorities while there is so much debate in London and the money markets about the exact state of the economy, so I understand his position, but he must understand that Malcolm Chisholm and Ross Finnie also have a valid point of view.

John Swinney: I am prepared to accept all manner of valid points that are made in the parliamentary chamber; the only point that I am making is that we need to be slightly more specific than to say that our priorities are education, health and housing.

Andy Kerr: I am surprised by the cabinet secretary's suggestion that no one else is putting forward ideas. He said that he will continue with efficiency measures, that there should be no privatisation of water services, that the number of public bodies should be reduced, that he supports free personal and nursing care, and that he supports concessionary travel—we agree with all those ideas. The suggestion is that he has gone through a plethora of ideas on which everyone else is struggling to get a grip, but he has not. He is a member of the Government; the Parliament merely wants the Government to act in the way in which it should.

John Swinney: That brings me to a point that Hugh Henry made. In one of his inevitable contributions to the debate, Mr Henry accused me of a dereliction of duty. I assure him that I have no intention of being guilty of dereliction of duty. I will fulfil my statutory duty to bring a budget to the Parliament, but I should not be criticised for creating the space to allow us to have a dialogue and a debate about establishing consensus. If I remember correctly, Mr Kerr said that if we published a budget today and the numbers were different in a couple of months' time, he would be the first person to say that those were draft proposals that might be subject to change. That was touching but a tad unlikely, given the way in such issues are taken forward.

Lewis Macdonald (Aberdeen Central) (Lab): Will the cabinet secretary give way?

John Swinney: I certainly will. Mr Macdonald has made a surprise appearance at the last gasp. If he wants to make a contribution, I will allow him to do so.

Lewis Macdonald: That is kind of the cabinet secretary; I acknowledge that most of my enjoyment of the debate has been via the television screen, rather than in person.

I note the point that the cabinet secretary is making. Does he recognise that, in the past three years, local government budgets have been set in precisely the way that he describes, by him?

John Swinney: And by every one of my distinguished predecessors, including Mr Kerr and Mr McCabe.

Andy Kerr: That is the point.

John Swinney: Council budgets are not set until I have made the financial allocations and the Parliament has approved the local government finance order. [*Interruption.*] The distinguished former leader of a council is sitting on my right; I think that Keith Brown knows more about the matter than Mr Macdonald does.

Jeremy Purvis: Will the cabinet secretary give way?

John Swinney: No, I am drawing my remarks to a close.

It has been suggested that if the budget can be predicted to within £200 million, we are just about there, so there is no real need for much more clarity. I point out to Parliament that, in this Parliament of minorities, to secure parliamentary agreement for my 2008-09 budget I had to vary the draft budget by £19.3 million. In the following year, the figure was significantly higher—£92 million. In the year after that, it was £23 million. That illustrates the fact that there is not by any degree of analysis significant variation in the choices that are available to Parliament when the Government brings the budget to Parliament. What I am trying to do is to create the space for us to bring forward a proposition that is broadly agreed in these difficult times. I encourage the Opposition parties to take part in that process.

Decision Time

17:00

The Deputy Presiding Officer (Alasdair Morgan): We come to decision time. There are no questions to be put as a result of this afternoon's business.

Edinburgh Airport (Drop-off Charges)

The Deputy Presiding Officer (Trish Godman): The final item of business is a members' business debate on motion S3M-6881, in the name of Gavin Brown, on drop-off charges at Edinburgh airport. The debate will be concluded without any question being put.

Motion moved,

That the Parliament regrets the decision taken by Edinburgh Airport to introduce a £1 drop-off charge, due to start in October 2010; notes that no other BAA airport in the United Kingdom currently has a drop-off charge; considers that BAA failed to consult widely with passengers ahead of taking the decision; notes that, since the decision has been made public, thousands of residents, businesses and other organisations across the Lothians and elsewhere in Scotland have voiced their opposition to the charge; considers that for many people, including older residents and those with young children, taking public transport to the airport is not a viable option, and notes that over 71% of businesses who responded to the Midlothian and East Lothian Chamber of Commerce survey believed that the introduction of the drop-off fee would have a negative effect on Scottish business and tourism.

17:01

Gavin Brown (Lothians) (Con): I thank the MSPs who have remained behind for the debate and those who signed the motion, which has allowed the debate to take place.

Let me put it simply: charging people for dropping someone off, whether it is a friend or family member, is wrong and just plain mean. That was my starting point and, having heard the views of a number of constituents, I decided to take on the campaign and to spend time pushing it forward. The campaign has garnered the support of thousands of people in Edinburgh and the Lothians, and beyond. It has support from shop owners, travel agents, other tourism businesses, small businesses throughout the region, Age Scotland and the Scottish Taxi Federation, among others. I am grateful to all of them for the support that they have given.

The reasons why there are big concerns are several. The first is that when the idea was first suggested, the airport's response to the *Edinburgh Evening News* in the middle of June was that it was not going to happen: there were a number of options for changing the forecourt and only one of them contained the possibility of a charge. The airport said that it would consult on and discuss the matter with a range of stakeholders, including passengers, before reaching any decision. I discovered that that was not correct: the decision had, indeed, been taken and there was no intention at all to consult passengers about the proposal to charge people simply for dropping

someone off. The only consultation that would take place was on how the decision would be marketed and how the signage at the airport might look.

Big concerns were expressed by elderly residents and people with mobility difficulties who do not have blue badges. Those with blue badges are of course exempt from the charge, but many of my constituents have mobility difficulties but do not have a blue badge and so would not be exempt from the charge. Concerns were also raised by families with young children who said that going to the airport and flying is stressful enough without having to pay to be dropped off, or go to a drop-off point a mile or so away and await a bus.

The other concern for a number of residents, which the previous managing director of the airport did not put to bed, is that the charge is unlikely to stay at £1 for long. Taxis were initially charged £1 for picking up at Edinburgh airport, but that moved to £1.50, it is now at £2 and I understand that it is scheduled to go up again. It would just be a matter of time before the £1 charge became something more than that.

So, why did the airport make this decision? We were given an array of reasons—and the primary one appears to have changed with the passage of time. The initial justification for the decision was to get people on to public transport. That sounds good, but the problem is that for many people within the Lothians—as well as in Fife, the Borders and elsewhere—taking public transport to Edinburgh airport is simply not an option. It might be okay for someone who lives on the main bus route, which offers an extremely good service, but that is not an option for people who live in most parts of Midlothian, East Lothian and West Lothian or even for people in most parts of Edinburgh. Not many people will buy the suggestion that the primary reason is to get people onto public transport, given that public transport is not available. A constituent who signed the petition said:

“I would need to take 2-3 buses to get there and it would take me several hours. It's not viable with toddlers, prams and luggage, and if it's early in the morning I can't even take 2-3 buses.”

We then heard from the airport that the reason was that it wants to upgrade to a “better passenger experience”. A constituent told me that it would be a better passenger experience not to have to pay £1 simply to be dropped off. If that is an upgrade, I would hate to see a downgrade to the passenger experience. A constituent said:

“This will just irritate and deter. An insult to our wallets and intelligence.”

The reason the airport now gives—this is a late entry—is that the current forecourt is not fit for

dropping off because it is congested and dangerous and people cannot get in or out. I was surprised to hear that reason, particularly given that it was a late entry. I have visited the airport many times and I have had feedback from hundreds of constituents on the matter, none of whom has said that there is congestion in the current set-up and none of whom could point to where the problem lies. When I visited the airport and spoke to the management after the point was raised, it was a little embarrassing for the management that while I was there only about six cars visited the forecourt to pick up or drop off and there was space for many more.

If the drop-off charge goes ahead, people might drop off at unauthorised points to avoid the charge. That has apparently happened at other airports. That will create congestion and is potentially dangerous.

Margaret Smith (Edinburgh West) (LD): Road safety has been raised with me. When I walked round the airport and asked about that, I was told that the City of Edinburgh Council would not let the airport have a pedestrian crossing over the drop-off point, between the main car park and the terminal. When I asked management whether it had asked the council whether that was the case, it suggested that it probably had not done so.

Gavin Brown: I am occasionally stuck for a response to an intervention, and this is one of those occasions. I think that the member's intervention might be described as friendly fire.

My other big difficulty with the issue is that although BAA Airports Ltd owns six airports in the United Kingdom, the charge is proposed only for Edinburgh. Edinburgh has been singled out for the charge and there are no such proposals for Heathrow, Stansted, Southampton, Glasgow or Aberdeen airports. No justification has been given for singling out Edinburgh.

Gil Paterson (West of Scotland) (SNP): The charge is a travel tax. Does the member think that if BAA lost the right to self-regulate that would put an end to such behaviour?

Gavin Brown: It probably would do. I hope that simply by bringing the issue to Parliament and continuing the campaign I can persuade the airport that drop-off charges are not a good idea and that it should not go ahead with them. Of course, the regulatory issue that Mr Paterson mentioned would prevent such ideas from coming up in the first place.

People are angry at the proposal, even though it has not yet affected anyone. What will happen if it goes ahead and thousands of people a day have to start paying the levy?

There will be no vote as a result of this debate and, of course, no law on the matter will be passed this evening. However, I hope that the debate will allow BAA and Edinburgh airport to hear members' views and the Government's response, and I hope that when they hear those views they will decide to scrap the drop-off charge.

A constituent who e-mailed me said:

"Charging your customers to come into your shop to take up goods that you have already purchased is not a business model that would be passed by the board as a strategic weapon to fight competition in any other business."

I hope that the point is taken on board and that the proposals to bring in a drop-off charge are scrapped.

The Deputy Presiding Officer: We move to the open debate, in which speeches should be of four minutes. I remind members of the public that it is not appropriate to applaud.

17:10

Mary Mulligan (Linlithgow) (Lab): I congratulate Gavin Brown, both on his campaign against the drop-off charge and on securing this evening's debate.

I must say that I am surprised that, after all the bad publicity that the proposal received, BAA has continued to push on with the idea. That seems to be foolhardy at best. As many others have, I have asked what the reason is for the drop-off charge. As Gavin Brown mentioned, it is clear that congestion is not the issue. Any time I have taken people to the airport, there has been no problem with finding a space where I could drop them off and then take off again. Indeed, I also wonder whether the £1 price will deter many people anyway, although it will upset them.

Clearly, the charge is not about protecting the environment. The drop-off charge is not the sort of measure that would make a significant difference in persuading us all to use public transport. In some ways I regret that, as I would like public transport to be more readily available. However, at the moment, that is not the situation. Speaking from a local point of view, I know that public transport is difficult for those who live in the outer areas of Lothian, as Gavin Brown mentioned. My constituents who want to travel to the airport have little alternative but to ask friends or family to drop them off. Using a taxi might cost in excess of £20 for those who live in the closer parts of the constituency. Further west, the cost becomes even more expensive.

In my research for this evening's debate, I went online to see whether there is a bus service between West Lothian and the airport. I discovered—I did not know this either, minister—

that there is one service: the 777—I do not know whether the number is significant—runs hourly from Whitburn. However, the bus takes 1.5 hours to arrive at the airport, which is less than 20 miles away. In addition, the service does not run on a Saturday or Sunday, so anyone going on their holidays at the weekend can forget it. The service is not advertised on the Edinburgh airport site—I found it only because I went to the E & M Horsburgh Ltd site—so it is clear that it is not well publicised. I did not know about it until today.

People in other parts of my constituency, such as Armadale, Bathgate and Linlithgow, have no chance of getting public transport to the airport, unless they accept being dropped off on the A8, which is more than a mile away. However, that will always be a problem for people with bags. Clearly, public transport is not sufficient at the moment. Without wanting to lower the tone of the debate, I might remind the minister that my constituents in Linlithgow might have had a rail connection if the Scottish National Party Government had not cancelled the Edinburgh airport rail link. However, no such connection is available, so we have a problem at the moment.

I know of no other airport—Gavin Brown mentioned the other BAA airports—that charges for dropping off, so why is Edinburgh being singled out in this way? At a time when Edinburgh airport is trying to project itself as a 21st century airport with many improvements to the buildings, services and flights that it provides, why is the airport taking this step? The charge is poor public relations and, as Gavin Brown said, it is mean-spirited. I hope that the people at BAA will be big enough to realise that their proposal is the wrong thing to do and that they will change their minds and drop the charge.

17:14

Margaret Smith (Edinburgh West) (LD): I very much welcome the opportunity to speak in this members' business debate this evening and I thank Gavin Brown for securing it.

As a local councillor and the local constituency MSP for Edinburgh West, I have had many dealings with Edinburgh airport over the past 15 years, but I have never known any airport issue to incense people in quite the way that this one has. BAA's decision to introduce drop-off fees in Edinburgh but nowhere else is regrettable. However, I am pleased that so many members of all parties have supported the various campaigns and petitions—Gavin Brown has run his campaign, we have had ours and other campaigns are also running—to stop the drop-off charge being introduced.

Not only members have called on BAA to think again. Thousands of residents, business people, organisations and interest groups have voiced their opposition to and signed petitions on these ill-thought-out plans, which have not been subject to any consultation. As I have said to BAA throughout, this is an unfair and unnecessary charge. I stand by that.

There are two reasons why BAA is introducing the charge: first, to make money; and, secondly, because it can. It is telling that the only airline that has backed BAA's stance is Ryanair, a company that plans to charge passengers £1 to use in-flight toilets. Even easyJet has accused BAA of double charging at Edinburgh.

Modern airports rely on car parking and retail for increasing amounts of income, yet BAA at Edinburgh and elsewhere can add car parks and extensions without recourse to the planning system that affects everyone else. I welcome the fact that the City of Edinburgh Council has signalled that it will consider permitted development rights. BAA makes much of the fact that it is a commercial operation, but it does not compete on a level playing field with other businesses. In my constituency, it took less time and effort for BAA to build a multistorey car park at the airport than it did to get planning permission for a decked car park at the Western general hospital, and that was despite years of on-going parking problems in local streets. I am not sure that most people would think that an increased revenue stream for Ferrovial is the right priority. That is not to say that we should not encourage people to take public transport to the airport—of course we should. There is a very good Airlink service for those who live in the city centre, but as we have heard already, many, many others have no direct link to the airport. People will leave their cars at home only if there are suitable alternatives.

Like Mary Mulligan, I supported the Edinburgh rail link. I thought that it was a good idea to link directly the airport to more than 60 stations across Scotland. I welcome the fact that the Government's alternative proposal, the Gogar railway station, has just been given planning permission. The new station will form part of a public investment in the Edinburgh Glasgow improvement project and the trams, both of which will benefit BAA Edinburgh. BAA may be a commercial operation, but it benefits more than most from taxpayer investment, certainly in this city. No wonder that the City of Edinburgh Council voted in favour of a Liberal Democrat motion on a report into how best to ensure that Edinburgh airport will meet an appropriate share of the cost of providing high-quality public access to the airport before its permitted development rights are considered for renewal.

From the outset of my meetings with the airport authority over the past couple of months, both with the outgoing managing director, Gordon Dewar, and the new MD, Kevin Brown, I made clear my strong opposition to the charge. Nothing that I heard from BAA in its defence has swayed me from thinking that the introduction of the charge is a commercial decision to make a great deal of money from the air-travelling public. As time goes on, given ash clouds, threatened strikes and the general stresses and strains of modern travel, that public can feel a fairly beleaguered bunch.

As we have heard, there are real concerns about how the charge will affect certain groups of people. I am concerned in particular about older passengers, those with young children and people with a disability. For all of them, adding yet another leg to their journey—using public transport—is simply impractical. For some, that is a very daunting prospect. Edinburgh airport will have an area for blue badge holders, who will have 10 minutes' parking free of charge, but the fact remains that older passengers will struggle. They will feel that they have no alternative other than to pay up. We have heard that the kiss-and-fly tax will help to reduce congestion and emissions around the airport complex, but there is no real evidence that a £1 charge will do that. As we have heard tonight, there is not a lot of evidence of congestion at the airport in any case.

Despite reassurances from the management, I remain concerned that the charge is the thin end of the wedge. I refer to possible changes in the level of the charge and other potential charges for the use of BAA facilities, which people feel they have paid for already in the price of the ticket. The commercial impact of the decision on Scotland's business and tourism industries is also important to note. BAA management should be urged to think again.

The airport is a commercial organisation, but it has a responsibility to provide fair access for those who use it, whether they are local or visitors. After all, people cannot choose to use another airport in Edinburgh. The charge is too low to deter drivers. Quite simply, it is a BAA tax to fill a hole in its finances. The fee is unfair, unnecessary and unwelcome. Whatever BAA raises, it will be nothing compared with the bad publicity that the decision has generated. BAA should put a stop to this right now.

17:19

Ian McKee (Lothians) (SNP): I join in congratulating Gavin Brown on obtaining this important members' business debate and on the work that he has undertaken on the issue.

We have several differences of opinion in the chamber; on this issue, we are at one. This new stealth tax is to be imposed unilaterally without prior consultation. There was no mention of even the possibility of such a tax in the “Edinburgh Airport Master Plan”, which BAA published in 2006 and in which it set out its priorities for the next two decades.

Gil Paterson: Ian McKee will probably remember that the City of Edinburgh Council proposed a road-pricing mechanism, and it had to consult the public to do so. BAA is a private company and, because it is self-regulated, it can take such a step itself. Does Ian McKee agree with the point that I made earlier, that if self-regulation was taken away from Edinburgh airport, that would stop it in its plan? The only body that could impose road tolling otherwise would be the city council, and it would need to ask the people first.

Ian McKee: I totally agree with my colleague, Mr Paterson. It is only because the airport can get away with it and make up the rules itself that it is doing so. This objectionable tax must be opposed with all the vigour at our disposal.

We should consider what is going on here. BAA is an organisation that offers services to the public. There is nothing new in that—Edinburgh has countless businesses offering services to the public, including Marks and Spencer, Tesco and B&Q, to name but a few. How do they operate? They set out to attract customers. They make customers welcome. If they do not, the customer goes elsewhere and they lose business.

What is different in this case? What makes BAA feel able to levy a charge of £1 whereas others do not? It says that the money is needed to pay for improvements in the drop-off zone, yet the nearby Gyle shopping centre, to take just one example, has invested in a huge car park for its customers without ever suggesting that the same customers should pay for the privilege of spending their money in the centre.

We are not even talking about parking in this case; merely about dropping off customers. The real reason why BAA feels that it can get away with it is because it knows that it has a monopoly. There is no competition, so it can do just what it wants. It is exactly the same reason why motorway service stations offer such poor service—they have a captive audience.

I know the arguments, including the fact that it will still be possible to set down passengers free of charge at a remote facility that is connected to the terminal by shuttle bus, and the fact that travellers can use the bus service to the airport. Those arrangements certainly do not suit everyone, however, especially the elderly and families with young children. As Mrs Mulligan has already

pointed out, they are not convenient for a large number of people, as bus services either do not exist for them or are difficult to access. Many people will have no alternative but to fork out the extra pound before commencing their journey.

It is not as if BAA runs Edinburgh airport as a non-profit-making public service. A high user charge is already added to the cost of the air fare. Then, there are the pricey cafes and shops, which pay fancy prices to rent space in the airport and pass on that expense to the customer in the form of high-cost coffee, food, bottled drinking water and so on. Security rules mean that people cannot bring their own drinks in, so the thirsty passenger has no option but to pay those prices. No wonder BAA fought so hard to hang on to its cash-cow airports.

The Competition Commission ordered BAA to sell either Glasgow or Edinburgh airport in 2008 to break its monopoly, but BAA won its appeal against the decision in December last year. That is potentially disappointing, but the real monopoly is not BAA's running of two central belt airports; it is the fact that it has total control over each. If Edinburgh and Glasgow airports were run by different bodies, the distance between them is such that competition would have only a minimal effect.

I am beginning to believe that something much more radical is needed. If competition within a terminal area is impractical, there needs to be far greater regulation of what the company that owns the airport may and may not do. Perhaps the public should be represented on the boards of such companies, with directors being responsible for ensuring that the public interest is protected. That is probably a matter for Westminster, alas. In the meantime, BAA should abandon its outrageous proposal.

17:24

David McLetchie (Edinburgh Pentlands) **(Con):** I commend my colleague Gavin Brown for bringing this subject to the chamber for debate, and for the energetic campaign that he has led against the imposition of BAA's charge at Edinburgh airport, which, as other members have pointed out, is the only one of BAA's airports that has been singled out for this special treatment. Who knows? Perhaps Edinburgh airport is to be the guinea pig, and charges are on the way elsewhere.

It was initially claimed by BAA that a percentage of the charge would be

“spent on improving public transport for airport passengers and on environmental projects.”

Later, it was claimed that the charge would pay for community projects in the west of Edinburgh.

Eventually, all that public relations flimflam was dropped and it was claimed—indeed, acknowledged—that the charge was essential to finance investment in the airport facility around the forecourt area. Precisely why a charge was needed for improving the forecourt area but no specific charge was needed for any of the other improvements that have been made in Edinburgh airport over the past two years, about which BAA likes to boast, is not entirely clear to me because all the other improvements were financed from the company's mainstream revenues.

I would be astonished if there was any hypothecation of revenue from the charge towards the cost of the forecourt development because, if it really was needed only for that purpose, it would be dropped as soon as enough money to pay for the forecourt improvement was raised in revenue from it. However, BAA has no intention of dropping it, because it is a £1 million-a-year money-spinner that is supposedly essential to finance an upgrade that will cost £1 million. It is astonishing. The charge is simply a revenue raiser and, to be frank, the justifications that BAA puts up for it are increasingly spurious and nonsensical.

BAA is entitled to use its assets to generate income for itself, but accessing the airport is fundamental to the organisation's core purpose. Passengers are not charged if they are dropped off at Waverley station to get a train or the bus station to get a bus to go on a long-distance journey, so it is not clear to me why they should be charged to be dropped off at the airport. That is different from being charged for parking because, in that case, passengers have made a choice to travel to the airport by their own cars and park them there pending their return.

Many people in the city and beyond have no public transport alternative that will take them to the airport. That is certainly true now of the overwhelming majority of people who live in my constituency and will still be true in the future, even if the tram eventually starts running. BAA is quick to tell us that there is still a free drop-off facility at Edinburgh airport, but that facility is the long-stay car park about a mile from the terminal building. That free facility involves passengers getting out of their cars and on to a shuttle bus. It is hardly a gold standard of customer service and convenience.

Some people have asked whether BAA should not be free to run its business as it sees fit without criticism from carping politicians such as me and the other speakers. Yes, it should be free to do that within reason. I certainly do not advocate that this Parliament, any other Parliament or any Government minister should interfere in the minutiae of decisions such as the one that has been made on the charge. However, if any

business or organisation overcharges my constituents or provides them with a poor standard of service, I will not hesitate to say so. I do not think that any other member of the Parliament would hesitate to say so either, because it is our duty to do that and the Parliament is the appropriate forum in which to voice such criticisms.

As Gavin Brown puts it succinctly in his campaign, the charge is a drop-off rip-off. BAA should listen and withdraw it.

17:28

Malcolm Chisholm (Edinburgh North and Leith) (Lab): I, too, congratulate Gavin Brown on securing the debate. I also commend the energy and determination that he showed over the summer in spearheading the campaign. Someone said that he was fiddling while Rome burns, but the fact that we face much bigger problems does not mean that we should disregard the issue that has arisen at Edinburgh airport.

The fundamental question that has been put is why Edinburgh should be different. None of the other BAA airports has such a charge. Also, as the motion reminded us, BAA failed to consult, in spite of the impression that was given in June that there would be consultation.

As other speakers have said, the primary aim of the charge—perhaps its sole aim—is to make money. If the intention is to deter drivers, a charge is certainly not the way to do it. As the motion says, public transport is not a viable option for many people. That includes some of the elderly and those with mobility difficulties who have been mentioned. I also recognise that there are particular problems for people in the Linlithgow constituency, as highlighted by Mary Mulligan.

However, it is appropriate to say that public transport will become a more viable option for a large number of people once the trams are up and running. That will deter many drivers more effectively than charging them for going to the airport. As Margaret Smith also reminded us, the trams will help BAA. I hope that the campaign in which Margaret Smith and Gavin Brown have been so energetically involved this summer will spill over into the wider campaign to get the trams up and running. I should say that, over the summer, I received far more letters, e-mails and other representations about that issue than I did about the airport issue. In saying that, in no way do I mean to show disrespect to the campaign.

It is not appropriate to speak in great detail about the trams on this occasion, but I will make one point about them. I hope that we will unite across party divisions in the campaign to get the trams up and running as soon as possible, and I

hope that we can allow our party-political differences on the issue to be left in the past. In due course, there will be an inquiry into all that has gone on. Some will want to blame the council, some the Scottish Government and some the people who voted for the decision in the first place. That will obviously go on for a considerable period of time, and eventually it will be the subject of an inquiry. However, we should unite to make sure that we get the trams up and running. No one can possibly believe that the failure of the trams project would in any way be in the interests of Edinburgh or Scotland. I hope that this campaign will spill over into that campaign but, for the time being, we must all resist the airport charge.

17:31

Robin Harper (Lothians) (Green): I start by intimating my full sympathy with Malcolm Chisholm's words about the trams.

Members might find it a bit odd for a Green to be standing here saying that we should be facilitating the use of cars in getting to Edinburgh airport, but that is indeed the burden of what I am about to say. I could be very succinct, but I want to say a few words first. It would be very desirable to have a railway service between Edinburgh and London and between Glasgow and London that was fully competitive with air transport, to the point at which it became the preferred method of travel, as has happened in France with the TGV for domestic services there. That would balance any increase in international air traffic that Edinburgh might manage to attract, and mean that, hopefully, the airport would have no reason to expand.

I find Edinburgh airport's suggestion tedious, mindless and entirely pointless. It is likely to cause more congestion than to stop it, because cars will have to queue up to pay their pounds. It is therefore also likely to cause levels of pollution where they do not currently exist. I commend everyone who has spoken in the debate, particularly Gavin Brown for bringing the debate to the chamber, and I hope that the ears of BAA are burning on the heads to which they are attached.

17:33

The Minister for Transport, Infrastructure and Climate Change (Stewart Stevenson): I join the others who have participated in the debate and thank Gavin Brown for securing time to discuss an issue that is important to the wide range of people who use Edinburgh airport. I assure Mr Brown and others who have contributed to the debate that I fully appreciate the strength of feeling that BAA's proposed drop-off charge has stimulated among some airport users and others who benefit from the airport's presence. If I did not appreciate that

before coming to the debate tonight—and I think I did—the debate has certainly served its purpose.

I would like to pick up on some of the points that members have made. Gavin Brown delineated clearly that there has been a lack of clarity—I put it in those terms—about why the charge is being introduced and what the benefits of doing so are, and I hope that BAA thinks deeply about the contrast between what the consultation process adumbrated and what actually happened.

Among the reasons that were given for the measure was that of getting people on to public transport. It is worth picking up on what Mary Mulligan said in that regard. I have gone to the airport by public transport on a number of occasions. I have travelled to it from Linlithgow by bus, which involved being dropped off on the A8 and walking the mile. I do not intend to repeat the experience. I did check the weather before choosing that option because I thought that walking a mile in pouring rain would not be much fun. I have gone to Haymarket and caught the 100 bus. Although it is possible to get to the airport from Linlithgow by public transport, when one compares it with the option of doing the journey by car, which takes between 12 and 14 minutes, not many people will be attracted to the public transport option.

In addition, I have used the 100 service from the centre of Edinburgh, as well as the 747 service from Inverkeithing station, which goes directly to the airport's forecourt. I did not know about the Whitburn bus, but I will pursue that with interest. A range of options is available to a limited number of people, but it is clear that the car will remain a significant option that some people will be forced to choose to get to the airport.

Gavin Brown described the proposed charge as an insult to our wallets; I suspect that other members who have contributed to the debate took the insult somewhat more widely. Mr Brown ended by calling for the idea to be scrapped.

Mary Mulligan pointed, quite naturally, to the bad publicity that the proposal has generated. Whatever finesse our arguments might have, I do not think that anyone in BAA will imagine that this is where the company wanted to be or the process by which it wanted to get here. Public relations is important for all organisations that provide a service to the public, as Mary Mulligan said.

Margaret Smith said that opposition to the charge was pretty universal, and that it was being introduced to make money and simply because BAA can do so. I say openly that there are always genuine difficulties to do with how to regulate quasi-monopolies, and there are some lessons—

Gil Paterson: Will the minister take an intervention on that point?

Stewart Stevenson: Yes—the member is a specialist in that area.

Gil Paterson: The minister will be aware that BAA's London airports are regulated by the Department for Transport, whereas its operations in Scotland are self-regulated. Does the minister agree that, unless the DFT allowed it, BAA would not get away with introducing such a measure in London because the relevant act would not permit it? Will the Scottish Government consider designating airports, such as Edinburgh airport, which would give the Scottish authorities the right to regulate BAA's operations instead of their being self-regulated? I think that that is the key to the way in which BAA operates on drop-off charges and on many other issues—it fills its pockets instead of filling aeroplanes.

Stewart Stevenson: I understand the point that the member makes. The power to designate an airport is not available to me, although it has been discussed. The effect of designation would not be limited to the subject that we are discussing, so I would caution against the exercising of designation powers to get some assistance with that, because it might be less helpful on a range of other issues.

Ian McKee referred to the 2006 master plan. In fairness, I think that things can change over four years. He compared the situation at the airport with that at the Gyle centre, where Marks and Spencer operates, which is among the many places where there is free parking.

Mr McLetchie posed the question: are charges coming elsewhere? Well, just as the referendum on road charging in Edinburgh perhaps stalled any prospect of something happening on that in the near future, what has happened here may be illustrative for others. He said that the key point—I merely repeat his numbers without knowing their veracity or source—is that there is a £1 million-a-year revenue stream to pay for a £1 million asset. That is something that many who have listened to the debate will pick up on and perhaps use. Thankfully, he pleaded for a Government minister not to interfere. However, the minister will use the content of the debate to form part of his discussions with BAA next time he meets them, as members would expect.

Malcolm Chisholm highlighted many of the issues that others raised. He praised the trams in particular.

I welcome Robin Harper's comments on high-speed rail between central Scotland and the south-east, and on under the Channel. That is certainly important. He used the words "tedious", "mindless" and so on, and I suspect that he might have added to his list the temper of the users.

It has been a useful debate. While clearly it is a commercial matter for BAA to consider the introduction of the charges, we have an all-encompassing interest in seeing the continuing success of an important contributor to our economy. Route development is an issue in which we are very interested, and BAA must consider whether its actions promote or impact adversely on its success in future and the success that it delivers to our economy. I am interested in improvements to public transport connections to Edinburgh airport. The proportion of people who travel there by public transport is already relatively high, but clearly there are opportunities for more to happen.

I thank all who have participated in this timely and useful debate. I hope that people outside the chamber have been listening.

Meeting closed at 17:42.

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