



The Scottish Parliament  
Pàrlamaid na h-Alba

## Official Report

# MEETING OF THE PARLIAMENT

Wednesday 26 January 2011

Session 3

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## Scottish Parliament

### Meeting of the Parliament

*Wednesday 26 January 2011*

[The Presiding Officer *opened the meeting at 14:30*]

### Time for Reflection

**The Presiding Officer (Alex Fergusson):** Good afternoon. As always, the first item of business is time for reflection. I am delighted that our time for reflection leader today is the Right Rev John Christie, Moderator of the General Assembly of the Church of Scotland.

**The Right Rev John Christie (Moderator of the General Assembly of the Church of Scotland):** Good afternoon, everyone. I thank the Presiding Officer and his colleagues for the invitation to speak at time for reflection.

In a trailer for a television documentary on Lachlan Macquarie—Australia's first governor-general—that is to be broadcast this evening, Professor Tom Devine says:

"England ruled the Empire—the Scots ran it".

Pithily, he describes the worldwide influence of the Scot. There are all kinds of reasons for such influence, for example the Scottish reformation, the Scottish enlightenment and the emigrations of the late 18<sup>th</sup> and 19<sup>th</sup> centuries.

In my year as moderator, one of my commitments is to be an advocate for the joint initiative of the Church of Scotland Guild and of the ministries council, which is called a place for hope. It seeks to develop methods of conflict transformation in which confrontation is not the first option. Through mediation, people can strive to find better ways of resolving conflict so that relationships are repaired and opportunities are created for new constructive ways of working for the future.

Hope not only springs eternal in the human breast but features in early literature. The apostle Paul reminds us that, with faith and love, hope is one of the things that last forever. In a recent correspondence column of *The Guardian Weekly*, a writer who reflected on Pandora's box and the hope that was left in it said:

"The activation of Hope in Pandora's box for the survival of our species will depend on two improbabilities. First ... the curbing of our testosterone-driven tendencies to homicidal mania, promoted by ideological bigotry and the power of the military-industrial complex.

Second should be a reduction of hubris and implementation of our responsibilities to the biosphere."

The place for hope initiative marks a new way of doing things. It is about offering methods that do not involve the adversarial and about working with people to resolve difficulties. It means being a non-anxious presence to assist in relationship building. One of Scotland's leading mediators, John Sturrock, firmly believes that Scotland can build on its historical reputation as a place to debate new ideas and solve challenging problems to become what William Ury—one of the global authorities on mediation—calls a third-side nation.

May I draw to a close with a suggestion? I suggest that we seize the moment to contribute to a new Scottish enlightenment that will enable Scots if not to run the world, at least to change it. How about looking at each other in a new way? We should remind ourselves of one of the greatest ethical statements of all time. In one form or another, it is found in most faiths and none but, as I am sure that members would expect, I will quote Jesus:

"Do to others as you would that they to you would do."

How that ethic, firmly grasped, would enlighten us all.

## Business Motion

**The Presiding Officer (Alex Fergusson):** The next item of business is consideration of business motion S3M-7789, in the name of Bruce Crawford, on behalf of the Parliamentary Bureau, which sets out a revision to the business programme for this week.

14:34

**The Minister for Parliamentary Business (Bruce Crawford):** Before moving the motion, I inform members why there is a change to business. First, members will notice that decision time will be at 5.45 pm today, to allow a longer debate on the Budget (Scotland) (No 5) Bill. Secondly, there will be an additional piece of business tomorrow morning: a Scottish Government debate on the dementia strategy.

I move,

That the Parliament agrees—

(a) the following revision to the programme of business for Wednesday 26 January—

delete

5.00 pm Decision Time

and insert

5.45 pm Decision Time

(b) the following revision to the programme of business for Thursday 27 January—

after

*followed by* Financial Resolution: Reservoirs  
(Scotland) Bill

insert

*followed by* Scottish Government Debate: Dementia Strategy

*Motion agreed to.*

## Budget (Scotland) (No 5) Bill: Stage 1

**The Presiding Officer (Alex Fergusson):** The next item of business is a debate on motion S3M-7771, in the name of John Swinney, on the Budget (Scotland) (No 5) Bill.

14:35

**The Cabinet Secretary for Finance and Sustainable Growth (John Swinney):** Last week, I introduced the 2011-12 budget bill, which I commend to the Parliament. The bill takes forward the draft budget that I set out in November.

I welcome the Finance Committee's report on Scotland's spending plans and draft budget for 2011-12, which was published last week, and I thank everyone who contributed to its contents. The Government will respond to the report in the normal way, but I will offer initial reactions in my speech.

Let me start by commenting on the context for the budget bill and the principles that underpin our proposals. The bill responds to public spending challenges in Scotland that are unprecedented in the period since devolution. Following the United Kingdom spending review, Scotland's budget for 2011-12 will be £1.3 billion less than the budget for the current financial year, comprising reductions of around £500 million to our revenue budgets and around £800 million to our capital budgets. It is vital that we take careful decisions now to respond to that challenge.

The robust action that the Scottish Government has taken to protect the economic recovery, support jobs and stimulate economic growth is beginning to deliver results in Scotland. After a shorter and shallower recession in Scotland than there has been in the rest of the UK, the most recent economic indicators highlight the strengthening economic position in Scotland. The 0.5 per cent gross domestic product growth in quarter 3 of 2010 builds on Scotland's strong performance in the second quarter, which saw the highest growth rate since the second quarter of 2006 and exceeded the G7 average.

The pick-up in economic activity has led to a welcome improvement in labour market conditions in Scotland, with an additional 40,000 people in employment since April 2010 and a decline in unemployment of 5,000 in the three-month period to the end of November 2010.

However, the recovery remains fragile, as the UK GDP figures demonstrated yesterday, and we must sustain our actions on the economy. That is why we will publish a further update of the Scottish economic recovery plan next month, which,

together with our spending plans, will ensure that Scotland can enjoy a strong and speedy recovery from the global recession.

In addressing the financial challenge that we face, the Government has set out proposals that deal with the largest fall in public spending in any one year in Scotland. We must work within the spending totals that we have been given, and the priority must be for all parties to work together in the national interest to build consensus around the bill and ensure that budget allocations can be finalised before the start of the next financial year. That is essential to the delivery of our public services and to our on-going efforts to support Scotland's economy.

The Government will engage on the matter constructively across the political spectrum. It was in that spirit that I published illustrative budget information covering the period to 2014-15, in response to the parliamentary debate in November.

As in previous years, the Government is willing to consider alternative proposals to the proposals in the budget. However, we must be realistic about the resources that are available to us. If other parties want to propose increased expenditure in support of particular objectives, I ask that they also bring forward proposals for identifying the resources to fund those changes in spending programmes.

**Margo MacDonald (Lothians) (Ind):** The cabinet secretary will forgive me if I do not identify a source from which I hope that he will find enough money to help to pump prime an initiative that sportscotland is undertaking, to help Midlothian Council to develop the ski slope at Hillend. Hillend is a national facility and a national treasure, which a small local authority is trying to develop on its own. It hits all the health, education and growth objectives that we are trying to hit. May I have an assurance on that and other matters that I have discussed with the cabinet secretary?

**John Swinney:** There have been constructive discussions between sportscotland and Midlothian Council about the situation at Hillend, and I hope that a positive outcome can come from them.

I say to Margo MacDonald—as I have just put on the record—that the Government is willing to consider alternative budget proposals to ensure that we secure consensus, but I reiterate that we have to operate within the fixed financial envelope that is in front of us. The Government will be involved in the debate about alternative proposals, but we must also have suggestions and proposals from other parties as to how the spending priorities can be changed to afford priorities that are not currently in the Government's proposals.

We discuss the principles of the budget bill today in the context that I have outlined.

The Finance Committee report, which was published last week, includes a number of comments about the economic impact of the draft budget, and it may be helpful for me to restate the approach that we have taken in prioritising our purpose of sustainable economic growth.

We are prioritising support for employment to enhance the resilience of Scotland's economy, including by limiting public sector pay awards to maintain public sector employment.

**Rhoda Grant (Highlands and Islands) (Lab):**

The cabinet secretary is aware that Argyll and Bute Council has a huge number of islands to cover. Why does it face one of the largest cuts in spending compared with the Scottish average?

**John Swinney:** Argyll and Bute Council's need to support islands will be covered by the special islands needs allowance, which is applied to all local authorities that have islands within their boundaries. That allowance has been applied appropriately in the local government distribution formula to address the issues for Argyll and Bute Council.

One other issue for the council is the distribution of supporting people money. The local authority has been in touch with the Government about that and we continue to discuss it with the council.

As part of the economic response, we are strengthening the Government's approach on education and skills. We are preserving university and college places while upholding our commitment not to raise university tuition fees or college charges. The budget provides for 34,500 training opportunities in 2011-12, and we will continue to work with the sector to maximise the opportunities that are available to members of the public. We will also continue the education maintenance allowance scheme, honouring our commitment to support the students who come from the poorest backgrounds in Scotland.

The settlement for local authorities includes the continued and successful implementation of the curriculum for excellence and maintains the pupil teacher ratio in the crucial early years of primary school, which is critical in enabling young people to flourish in the future labour market.

We are promoting new business growth by continuing the small business bonus scheme, which benefits 74,000 business properties, as part of a package of business reliefs that is worth £2.4 billion over five years.

I considered it necessary as part of the budget to examine what options might exist to raise a small amount of additional income through business rates. The option on which I settled was

the business rates that some of our largest retail stores pay. For that reason, I laid before the Parliament the regulations that were considered earlier today at the Local Government and Communities Committee. Unfortunately, the committee did not approve the regulations. They will, therefore, be subject to consideration by the full Parliament next week, which we welcome. We will continue to press the case that those with the broadest shoulders should bear more of the burden at a time when Westminster has slashed Scotland's budget by £1.3 billion and GDP in the United Kingdom has gone into reverse.

The development of the Scottish loan fund will help to address a gap in the market for loan finance for established growth and exporting companies. Improved access to finance will be a key condition for a strong recovery.

The budget maintains support for attracting additional inward investment through the regional selective assistance, R and D plus and training plus schemes. It also maintains support for boosting export growth, including through the smart exporter initiative. The recent successful visit by the Chinese Government further illustrates our commitment to developing Scotland's comparative advantage in the global economy and delivering direct economic results and benefits to companies and people in Scotland.

We will also support jobs directly through our infrastructure investment programme. In spite of the 25 per cent cut to our capital budget, we will deliver strategic commitments, such as the new Forth crossing, the new south Glasgow hospitals project and the school building programme, and we are protecting local government's share of the overall capital budget. Furthermore, we have announced a programme of infrastructure investment in health, education and strategic transport projects worth £2.5 billion, which is to be delivered through the non-profit-distributing model and will help to maintain construction jobs over the medium term.

We will continue to make the case to the United Kingdom Government for early and meaningful borrowing powers for Scotland.

More broadly, the holistic approach that we have taken reinforces our social contract with the people of Scotland. In difficult economic times, the Scottish Government has acted to protect employment and household income, to create new economic opportunities, to support front-line services and to improve our environment. We reaffirm our social contract by providing the resources to continue the council tax freeze and to implement the full removal of prescription charges, which will help households as they face pay restraint and maintain demand in the economy at a time when increases in VAT and fuel prices are

presenting acute challenges to members of the public.

As part of our strategy, we have set a 3 per cent efficiency target across the public sector, and we are proposing a 10 per cent reduction in the Government's central administration budget.

We are delivering our commitment to pass on to the health service in Scotland the consequential arising from decisions on health spending in the UK spending review, and we are continuing provisions for free personal care.

We have worked closely with the leadership of the Convention of Scottish Local Authorities to agree a settlement for local government that maintains its share of the Scottish budget, which helps to maintain the delivery of vital local services across Scotland and to maintain core commitments on police numbers, school education and adult social care.

**Jeremy Purvis (Tweeddale, Ettrick and Lauderdale) (LD):** I seek clarification regarding the figures that the Government has published for the coming four years. Are those figures predicated on the 3 per cent efficiency savings carrying on each year?

**John Swinney:** The Government envisages that, for the longer term, an efficiency programme of 3 per cent will be essential to deal with the financial challenges that we face.

Returning to local authorities, I am delighted that all 32 of them have provisionally accepted the offer that the Government has made, subject to the passing of the bill.

We are continuing to invest in new social housing, including through the £50 million innovation and investment fund and the national housing trust, and we will be able to generate, in total, an extra £600 million of investment and build around 6,000 new affordable homes. We will invest about £300 million that has already been allocated through current programmes to help to ensure a supply of newly completed affordable homes across the country during 2011-12. We must continue to scrutinise the options that are available to us to lever further investment into the housing sector to deal with the reductions that we have had to face.

Our budget seeks to drive forward the transition to a low-carbon economy. We have published the Government's low-carbon economic strategy, which, together with the budget and the draft report on proposals and policies, sets out a coherent strategy for the future. We will take forward the £70 million renewables infrastructure fund, which will receive £17 million in 2011-12.

We remain committed to improving the energy efficiency of Scotland's housing stock and to



tackling fuel poverty. The home insulation scheme and the energy assistance package will continue next year, supported by funding of £48 million. As we pursue those, we must maximise the employment opportunities that they present, and in that process we will consider, in particular, those households that are hardest to reach.

In its report, the Finance Committee set out a number of points relating to the strategic approach that the Government is taking to economic growth in Scotland. The early part of my speech directly addressed that. I welcome the committee's support for the council tax freeze and the call that it makes for the UK Government to provide additional investment in renewables at an early stage. We will continue to make representations on that issue.

**Elaine Smith (Coatbridge and Chryston) (Lab):** Will the cabinet secretary take an intervention?

**The Presiding Officer:** No. I am afraid that the cabinet secretary is in the last minutes of his speech.

**John Swinney:** I will have to draw my remarks to a close now, although I will be happy to give way to Elaine Smith when winding up the debate.

I will consider the Finance Committee's points about information on pay, although our public sector pay policy for 2011-12 already clearly sets out the aim and key components of our approach. It is designed to help to sustain public services and employment by bearing down on pay increases—including a complete freeze on pay for chief executives—while seeking to protect the lowest paid.

I welcome the committee's intention to produce a legacy paper on the budget process, and we will be happy to discuss future arrangements.

The Budget (Scotland) (No 5) Bill takes steps to ensure the resilience of the Scottish economy, to promote front-line services and to improve our environment. I make clear again my willingness to discuss with all parties the issues that arise from the general principles of the bill, if they are agreed to by members today.

I move,

That the Parliament agrees to the general principles of the Budget (Scotland) (No.5) Bill and, in doing so, notes the Finance Committee's 2nd Report, 2011 (Session 3): *Report on Scotland's Spending Plans and Draft Budget 2011-12*.

**Mike Rumbles (West Aberdeenshire and Kincardine) (LD):** On a point of order, Presiding Officer. It is on a procedural point. Could you make it absolutely clear that Parliament must not be misled? The cabinet secretary informed Parliament that as a result of the Government's defeat in committee this morning, the full

Parliament will make a decision on the regulations in question next week. Will the Presiding Officer confirm that the correct procedure is for the Government to request the Parliamentary Bureau to consider such a proposal and for the bureau—*[Interruption.]* I ask Scottish National Party members to be quiet and listen to the point of order. They may not like it—*[Interruption.]*

**The Presiding Officer:** Order.

**Mike Rumbles:** The correct procedure is for the Parliamentary Bureau to recommend to Parliament that it consider the regulations next week. That is for Parliament, not the cabinet secretary, to decide.

**The Presiding Officer:** That item will be on the agenda for next Tuesday's bureau meeting and it will be duly discussed then.

I call Andrew Welsh to speak on behalf of the Finance Committee, as the committee's convener.

14:51

**Andrew Welsh (Angus) (SNP):** Before I turn to the detail of our report and recommendations, I will briefly outline some of the changes to this year's budget process.

The fact that the UK spending review was published only in October and that the Scottish Government's budget was published in November meant that the time for parliamentary scrutiny was constrained. Rather than have a separate debate on the Finance Committee's report in December, we agreed with the cabinet secretary to include our debate within the stage 1 debate on the Budget (Scotland) (No 5) Bill.

As part of our scrutiny this year, the committee held two evidence sessions with the right hon Danny Alexander MP, Chief Secretary to the Treasury, on the June budget and the spending review. The committee also took evidence on the review from members of the independent budget review panel and the cabinet secretary, and on the draft budget from public finance experts and the cabinet secretary.

Unfortunately, our planned external meeting in Carnoustie in December had to be cancelled because of adverse weather conditions, much to my regret. Although the planned workshops and school seminars could not go ahead, I put on record my thanks to everyone who agreed to give up their time to take part, and I echo what the committee said in its report, that we hope that our successor committee will be able to visit Angus at a future date.

I thank our committee clerks, our Scottish Parliament information centre researchers and our budget adviser, Professor David Bell, for their

work, and I thank the members of all the other committees who contributed to scrutiny of the budget. The subject committees made a wide range of detailed recommendations in their portfolio areas. As it was not possible to cover them all in our report, I encourage all subject committees to seek their own formal responses from the relevant ministers.

On our report, it is important to say at the outset that the committee recognised that the budget settlement for 2011-12 is the most difficult since devolution. Mindful of that fact, the committee held a budget strategy phase of the process during the spring of 2010 to help to prepare the parliamentary committees and Parliament for the challenges that lay ahead.

In the time available, I cannot possibly cover in depth all the issues that were raised in our report, but I will pick out the main thrust of our recommendations and the key conclusions that we made. I am sure that committee colleagues will pick up any issues that I do not have time to cover.

This year, the committee framed its scrutiny around testing the strategic, cross-cutting aspects of the budget and some key portfolio issues against the Government's stated core purpose and its three strategic priorities. During evidence from Scottish public finance experts, a strong view emerged that, from their critical examination of the choices that were made in the budget, the budget in fact prioritised the protection of services, rather than the Government's stated purpose of increasing sustainable economic growth. In their view, cutting budgets that typically relate to the generation of economic growth—such as those for higher and further education, water, housing and the enterprise agencies—while protecting health spending by passing on the health Barnett consequential from the UK spending review and protecting universal services makes it difficult to protect economic growth. We have, therefore, asked the Government to publish, prior to the stage 3 debate on the bill, an overview of the assessment that it has carried out to satisfy itself that the measures in the budget will in fact support economic growth.

**Margo MacDonald:** Will the member give way?

**Andrew Welsh:** Forgive me, but I have a great deal to cover.

The key issue of efficiency savings has exercised the Finance Committee and our predecessors in sessions 1 and 2. There are many well-rehearsed issues around efficiency savings, including the problem with having year-on-year targets, which means that the easier options were taken some time ago and therefore future efficiencies are ever harder to find.

The major concern with efficiency savings throughout devolution has been the reliability of reporting information provided by public bodies. Reporting arrangements have yet to be set out for 2011-12. In our report, we call on the Government to explain how it will ensure that the test that the cabinet secretary has set out in relation to efficiency savings will be enforced. As a matter of urgency, we ask the cabinet secretary to set out clearly whether efficiencies for 2011-12 will be recycled or whether they will be used to reduce the funding gap.

The protection of the universal services that the Government provides formed part of our work during the budget strategy phase. Although we recognise that changing many of those services will have an effect only in the medium to long term, the report invites the Government to be more transparent in explaining the long-term impact on other aspects of the budget, especially given the pressures of demographic change.

We considered capital spending in depth, given the scale of the cuts in the capital budget and its importance in promoting economic growth. The committee agrees with public finance experts that investment in housing could have an immediate positive impact on economic growth.

Although the Finance Committee's preventative spending inquiry proposals will be discussed in depth at our chamber event on 4 March, I want to put on record our strong support for the concept of preventative spending and our belief that more effective use of preventative spending could deliver great social and financial benefits to Scotland. The Scottish Government shares that view, claiming that preventative intervention

"lies at the heart of the Government's policy interventions"—[*Official Report, Finance Committee*, 30 November 2010; c 2833.]

and is

"integral to the approach to government in Scotland and delivering the outcomes set out in the National Performance Framework".

Given the strong consensus demonstrated by the committee, the Scottish Government and witnesses, we recommend that future draft budgets include an assessment of progress that is being made towards taking a more preventative approach. We will also recommend to our successor Finance Committee that subject committees should scrutinise the Scottish Government's progress in that area.

I turn briefly to specific portfolio issues, and thank the subject committees for their detailed scrutiny and reports. The Finance Committee chose to examine certain portfolio issues in more detail, given their importance in assessing the

Government's budget against its core purpose and strategic priorities.

The committee considered the reductions facing further and higher education. We are awaiting the outcome of the Government's green paper on higher education funding, but one issue that the committee raised is the commitment in the current budget to maintain core university and college places. It is not clear to us what is meant by "core", therefore we ask the Government to spell it out.

I conclude by looking forward to the next parliamentary session, and turn to what we call in the report "legacy issues", under which we discuss problems concerning the provision of budgetary information and the budget process itself. Although the committee has welcomed many aspects of Scotland performs, we have raised a series of issues regarding the provision of performance information and the perennial issue of linking budgets to spending priorities and outcomes. In previous reports, we have requested a formal report to Parliament. We note that under the Virginia performs system, on which the Scottish system is based, a report to the Virginia General Assembly is required. The committee therefore invites the Scottish Government to explain why it has not implemented a similar mechanism.

Finally, looking forward to the next session of Parliament, we recognise the difficulties that committees have experienced because of the time that has been available this year. However, having reviewed the process in 2008-09, we do not see the need for another review at this point. We will consider the issue further in our legacy paper and, with a view to helping our successors, I urge all committees to send us their thoughts on how the process can be improved.

Since this is my last annual Finance Committee report to Parliament as convener of the committee, I thank my committee colleagues, past and present, for ensuring that the overall interests of Parliament and the Scottish people—whom we serve—have been at the heart of our always unanimous reports and recommendations. I commend the Finance Committee's report to the Parliament.

15:01

**Andy Kerr (East Kilbride) (Lab):** I thank the convener of the Finance Committee for his report to the Parliament.

However, from looking at the budget, I believe that the signal failure of nearly four years of Scottish National Party Government is clear for everyone to see. When John Swinney delivered his first budget, Scotland had the lowest rate of

unemployment in the United Kingdom, but we now have the highest. In Scotland today there are 225,000 unemployed people. Those are families who are burdened by unemployment and who are wondering how they will make ends meet.

When we drill down into the figures, it gets a lot worse. The number of 16 to 24-year-olds who have been out of work for more than a year has increased by a staggering 338 per cent. This budget should be about jobs, jobs and jobs, but it is not.

A few days ago, I had the opportunity to visit Glasgow (Central) Citizens Advice Bureau. I met Georgina Woods, who was the latest person to find work with Labour's future jobs fund. Sadly, she will also be one of the last, because the Tories are abolishing the fund. Of course, in Scotland, we do not have to accept that. We have our own Government, so we can stand up for young people and give them that chance in life. However, what is Mr Swinney doing? We have obviously heard a lot from him in his previous remarks, but on the basis of the budget and the reports that have been given to committees of the Parliament, the answer is that he is doing nothing much.

In evidence to the Finance Committee—which was not quoted by the cabinet secretary—Peter Wood, director of Optimal Economics Ltd, said:

"I fear that the commitment to economic growth is more of a slogan than a reality."

Jo Armstrong from the Centre for Public Policy for Regions, stated:

"it is difficult to see the link between the headline of sustainable economic growth and the current budget allocations."—[*Official Report, Finance Committee*, 30 November 2010; c 2864.]

So the primary purpose—in capital letters—that the SNP seems to have is not addressed in its budget. The Economy, Energy and Tourism Committee concluded

"that insufficient priority has been given to sustaining the growth of the economy in setting budget priorities."

**Margo MacDonald:** Will the member give way?

**Andy Kerr:** I will not at the moment, thanks.

In four years, Mr Swinney has brought forward four budgets. He has slashed the funding to enterprise, to energy and tourism, to housing and regeneration and to higher and further education, which—as the convener of the Finance Committee said—are the key economic drivers. Mr Swinney ditched not one, but two, rail links to our biggest airports. He botched the business rates revaluation and failed to deliver transitional relief. He also decimated public works with his shameful Scottish Futures Trust, which has not even built a single school, but—at last—there has been a conversion and the SNP has now grasped public-

private partnerships as the route forward. It is too much, too late. [*Laughter.*]

I apologise. I meant “too little, too late.” [*Laughter.*]

**The Presiding Officer:** Order.

**Andy Kerr:** The kids who are in schools that are decaying around them are not laughing, Mr Swinney. The people in our hospitals who require better care are not laughing, and the 40,000 construction workers who have lost their jobs because of Mr Swinney’s inability to make the Scottish Futures Trust deliver anything will not be laughing.

Of course, that all happened in the good times for Scottish budgets. The SNP inherited growing budgets and had a £1.5 billion reserve, which it has blown. We no longer have the ability to respond to the Conservative-Lib Dem cuts. The budget that is before us today is not a budget for jobs and is not in a form that we, on the Labour benches, can support.

We have heard the threats before and we have heard them again. The First Minister has, yet again, with his threat of resignation, threatened to flounce off in the huff to his campaign battle bus. Now that Stewart Stevenson is no longer the Minister for Transport, Infrastructure and Climate Change, he has even got his old driver to do the work for him. However, we are not interested in Mr Salmond’s ego; we are interested in the young unemployed who do not have the opportunities that they should have, in those who are in search of work in our communities, and in our teachers, nurses and all those who serve our communities and our people. That is why I want to make this budget about jobs and the economy. That is not, however, what any report about the budget says it is.

From day 1 of the SNP Government to these, its dying days, it has always been about the politics and never about the country. It has been about the SNP’s position as a political party, not about addressing the needs of Scotland. It has been about their jobs and not the jobs of the Scottish people. [*Interruption.*]

Even this week, Mr Swinney promised us illustrative figures for future years, but what we got was an election trick. He insulted the Parliament and tried to con the public by claiming that there will be no changes to public spending in Scotland over the next four years. That is simply not credible. [*Interruption.*]

**The Presiding Officer:** Order. Can we have slightly better order, please, from the party in government?

**Andy Kerr:** Not in my words, but in the words of *The Sun*, the budget was described as “The great

Swinney swindle”. He did not even have the ability to respond to all-party demands in the chamber for an accurate projection of future expenditure. He has deliberately chosen to keep local authorities, the national health service and other publicly funded bodies in the dark about his real plans.

In these difficult times, with the Tories cutting too hard and too fast, we need to make our economy grow, but what have we got? The cabinet secretary has been practising town centre regeneration in reverse. Let us look more closely at the supermarket tax—a measure that has been pulled out of a hat like the proverbial rabbit, with no consultation, no impact assessment and no understanding of the damaging consequences of the proposal. John Swinney’s message to some of the biggest employers in this country is, “We don’t want you here. We don’t want the jobs, the training, the skills or the investment.”

Let us take Marks and Spencer as an example. It has stated clearly that there will be a competitive disadvantage to investing in Scotland that could cost up to 8,000 jobs. Headlines are now spreading throughout Scotland about the impact of that measure.

**John Swinney:** Would Mr Kerr like to comment on the competitive disadvantage that he was party to creating when he was a minister in the previous Administration, which kept business rates in Scotland higher than they were in the rest of the UK?

**Andy Kerr:** We set about—[*Interruption.*]

**The Presiding Officer:** Order.

**Andy Kerr:** We set about creating parity. Perhaps the cabinet secretary will compare his actions today to his manifesto promise that rates in Scotland would not rise above rates in England. They have just done that in relation to the supermarket tax. Labour tried to give the cabinet secretary an opportunity to reflect, to withdraw the statutory instrument and to take more time to consult and come back to Parliament, but he refused. As ever, Mr Swinney presented us with a “take it or leave it” offer. He wanted consensus, but on his terms and not on the terms of anybody else in the chamber—the traditional hallmark of SNP budgets.

We now have the likelihood of another Tory-SNP budget. We want the budget to include a future jobs fund that would guarantee our young people access to work, a modern apprenticeship for every suitably qualified young person, and investment—not cuts—in regeneration. We have instead seen a cut of 46 per cent in urban regeneration. We did not create the black hole in the budget. It was created by John Swinney—it is his budget and his responsibility. We will give him a chance to improve the budget over the next

couple of weeks, but at this stage and with the budget in this condition we cannot support it.

15:09

**Derek Brownlee (South of Scotland) (Con):**

There are things in this budget with which we agree, such as the pay freeze on salaries of over £21,000, to protect jobs; the protection of the national health service budget; the funding for additional police; the maintenance of the cuts in business rates for small and medium-sized businesses; and the council tax freeze. They are all Conservative policies, but I am sure that members will agree that there is always room for more Conservative policies.

Like other parties, we have been in dialogue for some weeks now with the Scottish Government over the budget, and we have outlined our main concerns around where the Government needs to act to improve the budget and provide a greater focus on job creation in the private sector to support and rebalance the Scottish economy, and on reform of our public services, to enable them to be protected as budgets fall. We have not reached agreement with the Government, nor are we yet convinced that sufficient attention has been directed to either area. We will continue to press the case for greater emphasis on reforming public services and private sector job creation, and we will review the Government's response on that before we take a final decision on how to vote at stage 3.

With regard to tax, alone among the Opposition parties, we have supported the council tax freeze and, just as we made it clear that we would not support a budget that increased council tax this year, so we would not support one that seeks to do so next year. If we are not in government after the election, whoever is will have to look elsewhere for support if they want to hit Scottish families with higher council tax.

The tax on which more attention has been focused is, of course, the one on retail. It is a shame that, when the debate on the budget should have been about how to help create jobs, it has instead been about how to stop the SNP from destroying them in the retail sector.

Last week, the Minister for Enterprise, Energy and Tourism, no less, defended the tax increase, saying that it is

“an opportunity for the supermarkets to align with the people of Scotland”

—whatever that means. He claimed that that “redefinition of profit”—by which I think that he meant the extra tax—would allow retailers to

“move forward and to do even better in the future.”—  
[*Official Report*, 20 January 2011; c 32440.]

We are used to hearing Matherisms in Holyrood. I had expected that they would depart with the minister when he retires at the election, but Mr Swinney has clearly inherited the mind maps, as was obvious last week when he refused to tell us what business rates income is forecast to be in the current financial year. He said that

“information of this type can sometimes be misinterpreted and misconstrued by the forces of darkness”.—[*Official Report*, 20 January 2011; c 32438.]

I do not know who “the forces of darkness” might be, but I think Mr Swinney meant, “I am currently sitting on £89 million more than I expected this year, but if I mention that I will undermine the case for the extra tax on shops.”

I am grateful to the financial scrutiny unit of the Parliament for confirming what the cabinet secretary would not: that the Government is likely to get three times as much as it wanted to raise from the retail levy as a windfall in this current financial year from other businesses, through business rates.

Devolved fiscal powers should be used to make Scotland more competitive, not less competitive. I agree with Andy Kerr that we need to focus on how to help to create jobs in the private sector.

**Kenneth Gibson (Cunninghame North) (SNP):** Could the member explain how the increase in fuel duty will make Scotland more competitive?

**Derek Brownlee:** The member understands that the financing of the Scottish Government comes from the block grant from Westminster, the funding of which comes, in part, from taxes such as fuel duty. He will also be well aware of discussions in the run-up to the UK budget on 23 March, in which I am sure he has a keen interest.

The Scottish Government needs to do more to create jobs with the £33 billion that it is responsible for spending.

Some measures can work in the short term. The convener of the Finance Committee referred to the evidence that the committee heard on housing. It was striking that, when we asked economists whether reversing the cuts in the funding of the enterprise agencies or doing more on housing would have more of an economic impact, the answer was pretty unanimous that we should do something about housing.

The issue is not necessarily about Government spending more, because building more houses with the same level of public funding would have a positive economic impact on the construction sector through increased activity levels. The Parliament has to get out of the mindset that says that spending more is always better than spending less, which means that Opposition parties and the

Government should focus more on what spending plans deliver, and less on how much money each project consumes.

We have got to think more in the longer term. The standards of education in this country and the quality of our infrastructure will impact on our ability to create jobs in the future. That is why, although the budget is for one year, it cannot be viewed in isolation.

On Monday, the Scottish Government published longer-term spending figures, as was required by Parliament, following a previous vote. However, although the First Minister was keen to boast about how the NHS budget would be protected—I wonder where he got that idea—Mr Swinney makes it clear in his letter to the Finance Committee that

“actual budgets will vary from the illustrations”.

They will have to vary because the draft budget is based on different assumptions from the illustrative budget figures that were issued on Monday.

We were told by many people in the higher and further education sector that this year's budget figures are sustainable—just—for one year. We on the Conservative side of the chamber believe that a graduate contribution would allow additional funding to go to the sector while maintaining student numbers and the quality of our institutions. Other parties are perfectly entitled to disagree, but the illustrative figures for the next session of Parliament would lead to fewer students or lower-quality institutions, or both. If the SNP's answer is to increase public funding, it should tell us in which other areas for which the Government is currently projecting a cash freeze the reductions would be made. Would it be the NHS, schools or affordable housing? Are not the public entitled to know?

**The First Minister (Alex Salmond):** It cannot have escaped Derek Brownlee's notice that the UK Government proposes in its projections the wholesale withdrawal of public funding from higher education. It is quite clear from the illustrative figures that Mr Swinney published on Monday that the Scottish Government is proposing no such thing. Will Mr Brownlee at least concede that point of accuracy?

**Derek Brownlee:** I accept that the illustrative figures show a cash freeze. What I am saying is that no one in the higher and further education sector believes that that is sustainable.

I will give another example in which the figures are absolutely unsustainable. The budget that was published in November shows no additional taxpayer funding for Scottish Water because, as the budget states,

“Scottish Water will have sufficient cash so that no loans are required from the Scottish Government”.

However, it also states:

“Over the 2010-15 regulatory period, the Government remains committed to lending £700 million to Scottish Water to enable it to deliver vital improvements to services.”

Of that, £140 million has been provided in the current financial year, so £560 million must be provided over the rest of the period to 2015, and yet the Government's illustrative figures show not a penny of support to Scottish Water.

Unless the Scottish Government is secretly planning to follow the Conservatives' very sound policy and remove Scottish Water from ministerial control, SNP ministers will have to cut more than £500 million from other capital spending on the NHS, schools and roads, on top of the cuts that they will have to make to fund further and higher education. The First Minister used to get terribly excited about reductions of £500 million, but clearly he is not so excited when they are of his own making.

The budget is not perfect, but nor is it beyond redemption. To borrow a phrase from the First Minister, it remains in purgatory. To allow cross-party discussion on the budget to continue, we will support the budget bill today, but the guarantee applies only to stage 1.

15:17

**Jeremy Purvis (Tweeddale, Ettrick and Lauderdale) (LD):** There are essentially two arguments for debate this afternoon. The first is to consider whether the Scottish budget is sufficient to help to stimulate our economy, to help create jobs and to give people the skills to secure jobs in the future. The second is to consider how it can be changed to do so.

As it stands, this budget fails the test that the Government itself set, which was to grow the Scottish economy. That was supposed to be the Government's single purpose—indeed, it added a capital P to the word “purpose” in all its literature, giving it a somewhat theological emphasis. That purpose, which we and most parties in the Parliament shared, has now gone.

The Finance Committee was clear—it could not have been clearer—that the purpose was not being met, and was not being matched by the spending priorities in the budget. The committee went further still in its report, which calls for more information before stage 3. The report also asks why the strategic priorities have changed, and whether the Government carried out an assessment of the impact of its previous priorities on its purpose before that purpose was changed to the current one.

It is not an academic exercise. It means that the Government has now pretty much given up on addressing its own budget priorities for economic growth, and instead has a dual strategy. The Government blames the reduction in funding on the UK Government, and it is now focusing almost exclusively on some public services in some policy areas at the expense of most others.

There is no question about the fragility of the Scottish economy, or about the fact that we can look across the Irish Sea to see close at hand a situation that could potentially be replicated in Scotland if wrong decisions are made here. There is also no question but that we must tackle a structural deficit that could choke spending on public services for the next generation unless we handle it properly. We are spending as much on servicing the structural debt interest alone as it would cost to build a primary school in Scotland each day of the week.

When the Chinese delegation was in Scotland recently, it was interesting to note that the Chinese Government has bought more UK debt than the entire amount of trade deals signed with that country, not just in Scotland but across the UK, over the past year. There is no question but that our own business community has subdued confidence, and no question but that the pipeline of construction projects, which had already withered under the SNP when budgets were growing, is now in a dangerously low state.

The Government has tried to spin that the budget contains a revenue stream of financing that will build new infrastructure, but the same Government scrapped those schemes when it came into office. I met businesses in the construction industry recently and I do not need to make up that there was real anger and emotion, because they were palpable. One business said to me that the real crime was not that the SNP got rid of the public-private partnership approach but that nothing was put in its place. The Government accepts that the pipeline of projects has slowed. That is why the SNP is asserting that it is building as much as the previous Government, but that is clearly not the case. The growing gap between the SNP's assertions and reality is becoming clear.

The Government states that the reductions go too far and too fast. I understand why the SNP is saying that, but in all the discussions that it has had with the UK Government, it has never taken the opportunity to say what would not be too far and too fast. The assertion seems to be the only thing that matters. Last autumn, the cabinet secretary gave the impression that the reductions' going beyond the Organisation for Economic Co-operation and Development average proved his case. After the UK Government's spending review was published and there was an additional

£1 billion for the Scottish budget over the next four years that had not been forecast by the Scottish Government in June, the cabinet secretary stopped using that point. He did not use it any more because the fiscal consolidation in Scotland is actually lower than the OECD average as a proportion of GDP, but that does not trouble the Scottish Government.

We know that assertions are now the recourse of ministers, but reality is what matters to people in our communities, and it is the choices that matter. Make no mistake: the difficulties over the next four years with the spending plans require different choices. Scottish Water needs to be reformed. Quangos need to be reformed or scrapped. Retention and reform of concessionary travel is something else that we need to address, and the extension of free school meals beyond current eligibility also needs to be considered.

**Margo MacDonald:** Will the member take an intervention?

**Jeremy Purvis:** I am afraid that I will not have time to take an intervention. If I do, I will come back to Margo MacDonald.

We find it difficult to accept that, at a time when NHS workers who earn less than £21,000 will get an increase of just £250 and people who are on £21,000 or above will have a freeze in their pay, consultants, who are among the top-paid people in the NHS, will still be able to nominate themselves for a £70,000 annual bonus. We do not think that that is fair or appropriate. We heard the cabinet secretary mention those who have the broadest shoulders. I think that people who earn more than £100,000 have broad shoulders. I do not think that it is right that, in the past year, when the Government has claimed that it has put punitive measures in place, that pay bill has gone up by £53 million. That is not fair, and it is not those with the broadest shoulders who are taking the most responsibility. We also believe that the prescribing bill in the NHS is spiralling too much, with reduced health outcomes.

We have put on the table areas in which we believe proper decisions have to be taken, and those alone will free up £4 billion-worth of resource over four years. We have had discussions with the Scottish Government, as other parties have, and we have indicated that we will work with the Government on the budget if it is a shared priority to tackle the challenges. The cabinet secretary outlined some of them in his statement, and I welcome that. We will continue to meet and discuss those areas. We have set out our priorities—to create jobs, to ensure that every child gets a better and fairer start in life, to help business to grow, and to work against climate change. We have also indicated that we are prepared in the coming years to look at different

choices when it comes to reforming the public sector landscape in Scotland.

We have specifically asked the Government to support skills and, in particular, our young people; indeed, it is no surprise that the National Union of Students in Scotland and the colleges have been focusing on those areas. *[Interruption.]* I think that the Cabinet Secretary for Education and Lifelong Learning wishes to intervene, but I do not have the time. I leave him to make his comments about the colleges from a sedentary position.

**The Cabinet Secretary for Education and Lifelong Learning (Michael Russell):** I am just listening to the member in disbelief.

**Jeremy Purvis:** The education secretary talks about disbelief. He is an education secretary who has locked in a 10.6 per cent cut in college budgets at a time when the overall revenue budget is being reduced by 6 per cent over four years.

**Michael Russell:** Rubbish.

**Jeremy Purvis:** If that is rubbish, why has Scotland's Colleges indicated that the Government's choices are "potentially disastrous" for the college sector?

**Michael Russell:** It has not.

**Jeremy Purvis:** I suggest that the cabinet secretary look at the comments from Scotland's Colleges.

This budget needs to be changed and needs to make different choices. Before stage 3, two key things must happen: the budget must address the Finance Committee's concerns, although obviously they will be disregarded by the education secretary; and it must address the issues that we have raised and tackle the pressures on our economy, give better opportunities for our young people and ensure that Scotland's Colleges, our students and other parties in the Parliament have been listened to.

The budget process might be helped if we can move away from some of this Administration's arrogance. Changes must be made in that regard.

15:26

**Linda Fabiani (Central Scotland) (SNP):** In November, in his statement to the chamber following the publication of the draft budget, John Swinney said:

"The budget addresses a financial challenge without precedent since devolution and reflects the biggest reduction in public spending imposed on Scotland by any United Kingdom Government ... The scale of those cuts poses a significant challenge to the delivery of public services in Scotland and our economic recovery."—*[Official Report, 17 November 2010; c 30460.]*

That is the context within which everyone in the chamber must consider and take responsibility for Scotland's budget. Of course, we now have to take into account the tax rises that the UK Government had announced but had not implemented at the time. Some of those tax rises are already with us: VAT is now at 20 per cent; tax on home insurance is at 6 per cent; and—even more bizarre—anyone sensible enough to buy insurance for their gas central heating will have found that that particular tax has increased to 20 per cent. The Scottish Government—and, to be fair, the Executive that preceded it—has installed thousands of new central heating systems in the houses of vulnerable people and the UK Government has simply decided to increase the tax on any who have been sensible enough to take out insurance to cover them.

Those are but a few examples, but they demonstrate that the reliance on indirect taxation by Labour and Conservative and Liberal Democrat Governments at UK level is hitting the least well-off the hardest.

**Robert Brown (Glasgow) (LD):** Can Linda Fabiani tell us by way of comparison the rate of VAT in independent Ireland?

**Linda Fabiani:** That is typical. When they do not like what they are hearing, they start being nasty to other nations.

The abandonment by the Labour Party when it was in Government of any pretence that it believed in progressive taxation has allowed the right-wing coalition to drive further down that road, making things harder for the people whom politicians should be endeavouring to protect. I mention that because it seems to be quite a faultline between the Scottish Government and the Opposition. The SNP is intent on ensuring some measure of fairness in our society and, to anyone who wants to see where the parties stand on social justice and on having a system that is inherently fair, I point out that the Scottish Government has not only implemented but maintained and fully funded a freeze on the indirect council tax. It is one small measure that the Government can take within the very limited range of powers that it has to help those in need.

We have all heard Iain Gray and his troops call for the freeze to be lifted. Folk have not forgotten how quickly council tax rose under Labour Administrations at national and local level. Indeed, my colleague Tricia Marwick has just reminded me that the increase was 60 per cent over 10 years. We have no desire to see that return.

It is interesting that, although Labour and the other Opposition parties want to see lower-paid people take on an increasingly unfair burden in the shape of rising council tax, they also want to



protect the profits of the big supermarkets. They think that Tesco, with a turnover of more than £42 billion, is less able to afford to take some of the strain than someone who receives the minimum wage for their work.

**Charlie Gordon (Glasgow Cathcart) (Lab):** Will the member take an intervention?

**Linda Fabiani:** No, thank you.

**Andy Kerr:** Will the member take an intervention?

**Linda Fabiani:** No, thank you. We have had enough laughter today.

It seems that Sainsbury's and Asda, with turnovers approaching £20 billion a year, and Morrisons, with more than £15 billion a year, cannot spare the pennies, but Scots pensioners can. That is the world according to the Labour Party, the Conservative party and the Liberal Democrat party. Compared with the mega-retailers of the world, small and medium-sized businesses face a disproportionate burden—there is no argument about that—so why are the Lib Dems and Labour so strident in their opposition? I understand why the Tories are, but not why the Lib Dems and Labour are. On his website, Mr Purvis recognises and supports the struggle of local retailers against the big supermarkets, as does his leader, Tavish Scott. Perhaps later Lib Dem speakers will, rather than try to slag off other countries, enlighten us about which stance truly reflects the Lib Dem position.

John Swinney's previous budgets have ensured that thousands of small businesses have seen their rates cut or abolished altogether. I welcome what he said today in that regard. I thought that all members wanted to protect our town centres and had concerns about the effects of out-of-town retail parks, but that is clearly not the case.

We approach the budget with a very important choice to make, which is pertinent in this season of Burns. Is Scotland to be a progressive nation that considers fairness for all, or are we to say, "Deil tak the hindmost"? I know what I and the Scottish National Party want.

We should all work together and support the general principles of John Swinney's budget.

15:32

**Jackie Baillie (Dumbarton) (Lab):** Yesterday, the SNP's election campaign was launched. There was not very much razzmatazz; rather, there was a poster and pledges on what appeared to be beer-mats. There was not much substance either, but there was a huge amount of spin.

As we will see from the budget that has been presented to us, yesterday's election pledge on

the NHS is already in complete disarray. It is more to do with sleight of hand and misdirection rather than the unvarnished truth. The Cabinet Secretary for Health and Wellbeing promises protection for the NHS, and the First Minister tells us that he will spend £1 billion over the next session. If that amounts to protection, they must be deluded—or worse, they think that we are deluded. Their version of protection amounts to cuts.

**Kenneth Gibson:** Will the member take an intervention?

**Jackie Baillie:** I have annoyed the member. Sit down.

The First Minister said:

"We've protected the health service in real-terms"

for four years,

"and we're now extending that commitment to the next four years."

That is simply not accurate. I will demonstrate that by telling members what will happen in the coming year, which is an indication of what the SNP will do in the future. Let us deal in facts, for goodness' sake.

The first fact is that independent analysis by SPICe tells us that, up to 2014-15, the budget will reduce in real terms by £8.6 million. Who should we believe—SPICe or the First Minister? I know who I prefer. People cannot claim that there will be real-terms increases if an independent analysis says exactly the opposite.

The second fact is that the SNP's 1.6 per cent cash increase for the NHS in the 2011-12 budget equates to a 0.3 per cent cut in real terms, which is a reduction of £33.9 million. That is a cut, not an increase.

The third fact is that the settlement is the lowest for the NHS since devolution, and it has put enormous pressure on staff and services throughout the health service.

**Joe FitzPatrick (Dundee West) (SNP):** Will the member take an intervention?

**Jackie Baillie:** No.

We know that, because of the higher cost of drugs among other things, the rate of inflation in health is around 4 per cent in real terms. Therefore, there has been a cut in real terms that is being felt in hospital wards throughout the country. If the budget was set to rise, as the SNP claims, the SNP would not be implementing plans to cut thousands of nurses and other front-line staff. Some 4,000 staff—1,500 of them nurses—will be gone from the NHS this year alone. That is in the good times, before the UK coalition's budget cuts begin to bite.

Those cuts are entirely down to the SNP. They are the SNP's cuts, and it cannot blame anyone else. SNP ministers failed to pass on the 6.7 per cent year-on-year increases that Labour delivered for the NHS in England. The SNP took a deliberate decision to give the NHS in Scotland a lower spending settlement of just 2.4 per cent. The NHS is not safe in the SNP's hands. It has not left the NHS in a strong position to defend itself from Tory cuts.

Let us take a closer look at the health board allocation. The Scottish Government claims a 3.2 per cent increase for territorial health boards but, looking a little closer, we find that the increase reduces to 1.8 per cent and, potentially, it reduces further when we consider the new burdens on health boards. Responsibility for free prescriptions now falls on health boards rather than being funded from the centre. Responsibility for running health provision in the Scottish Prison Service now falls on health boards. That was at a cost of £10 million. The responsibility was transferred from the justice budget to the health budget—it is just a shame that the £10 million did not accompany the transfer of responsibility. It is a new burden, but there is no new money. That is more spin, and more smoke and mirrors.

There has been a massive reduction in capital spending. Across the board, it is reduced by a third, but the largest reduction has fallen to health, for which the budget is £171 million less in the coming year. What projects will not proceed? What happens to the critical problem of maintenance, which is an issue in our health service? In a complete about-turn, the SNP has now embraced PPP—it might call it something else, but that is exactly what it is. I remind members of what Nicola Sturgeon said about PPP:

"PFI for schools and hospitals results in money being taken away from front-line services and used instead to line the pockets of people in the private sector."—[*Official Report*, 31 October 2007; c 2847.]

Clearly, she has changed her mind.

The reality on the ground is that the NHS is creaking. The number of operations being cancelled is up, because we do not have sufficient capacity. Bed numbers are down. Readmissions are up, because people are being forced out too early. The staff do a tremendous job and I am sure that, if the Cabinet Secretary for Health and Wellbeing was here, she would agree with me. However, although warm words from politicians to recognise the importance of the efforts of health service workers are always welcome, they are no substitute for decent levels of resources.

What about social care? That is where the true scandal of the SNP term of office is exposed. I will set out a fact from an Audit Scotland report that

SNP members will not like. When the SNP inherited the social care budget, there was £3.2 billion in it but, in short order, the SNP cut that to £2.8 billion, which is £400 million less. That is £400 million cut from some of the most vulnerable people in our community. Against that, we have the Government change fund of £70 million, which is a drop in the ocean of the overall social care budget. I understand that, some weeks earlier, the figure was £140 million, but the health secretary lost the argument with the finance secretary.

When we judge a Government, we should judge it by its actions rather than its words. If we get beyond the headlines, we see the inherent dishonesty of the SNP position, with a £400 million cut from social care and a real-terms reduction in the health budget line. We are used to SNP broken promises, as we have had more than 100 of them, but for the SNP to break its key pledge on health on the very day that it makes it is astonishing. The voters of Scotland will not forgive the SNP for that.

15:38

**Gavin Brown (Lothians) (Con):** Like my colleague Derek Brownlee, I welcome some of what is contained in the draft budget, particularly the commitments to maintain the 1,000 extra police that we fought so hard for, and to continue with the small business bonus and the council tax freeze. Those are important measures, which the Scottish Conservatives value dearly. However, to improve the budget and to turn it into one that would be worthy of support at stages 2 and 3, the SNP has to do more on jobs and to help grow the Scottish economy with the powers that we have. That is the hallmark by which the SNP Government has asked to be judged.

Page 81 of the draft budget states that the finance portfolio

"is ensuring that Scotland is the most attractive place for doing business in Europe".

If the Government means that, it must look clearly at what businesses have said in the interim period, and it must listen to the committees of this Parliament, in particular the Finance Committee and the Economy, Energy and Tourism Committee, which made that very same point.

Let us address the retail tax that has been proposed by the cabinet secretary. It is not a supermarket tax, as suggested in the initial statement, and it is not an out-of-town retail park tax, as stated in all the press releases; it is a tax on large retail regardless of where the retailer is positioned, so it would hit our town centres badly.

**Charlie Gordon:** Is the member aware that 28 of the 42 stores in Glasgow city centre that could be affected by the tax are not supermarkets or out

of town? Does he agree, therefore, that calling it a supermarket tax is a misnomer? *[Interruption.]*

**Gavin Brown:** I agree entirely. The reason why Mr Gordon's phone was going off was probably that someone was phoning to tell him that the tax would hit all our retailers above a certain size, as opposed to just supermarkets, which is what the Government wants us and the public to believe.

The tax would put the Scottish retail sector at a competitive disadvantage against other parts of the United Kingdom. Scottish retailers would have to pay the tax, but English retailers would not. The SNP narrative used to be that it wanted to be independent so that we could make Scotland more competitive than the rest of the UK. The credibility of that narrative has been shot to pieces by the SNP retail tax.

There was no advance dialogue on the tax with the business community. We know that because when we asked the cabinet secretary about it, he admitted that there had been no dialogue on the proposal. What kind of signal does that send to the business community and investors around the world? It sends the signal that the Scottish Government is unpredictable and content to single out one sector for naked revenue raising.

The proposal was made that the tax would cost 8,000 jobs. That was laughed at by front and back-bench SNP members. It could be more or fewer than 8,000 jobs, but we do not know because the Scottish Government did not even bother to do a business and regulatory impact assessment of its proposal. The SNP Government pushed forward the regulatory scheme and Mr Swinney was personally at the vanguard, but the Government could not be bothered to do an impact assessment of the tax. It claimed that the tax would not have a big impact on the economy, despite there being a £30 million hit on one sector. That is not good enough. It does not make Scotland

"the most attractive place for doing business in Europe".

We did not hear too much about the Scottish Investment Bank today, because it is now being hurried through as the Scottish loan fund. I think that the cabinet secretary did not want to utter the words "Scottish Investment Bank" just in case he was asked a question about it. We were promised that the bank would be up and running by the end of last year. Then we were promised that it would be up and running by the end of January. However, when Scottish Enterprise gave evidence last week, it was clear that it would be a number of months before it was up and running.

**John Swinney:** I am delighted to mention the Scottish Investment Bank, as I mentioned the Scottish loan fund in my speech. The Scottish Investment Bank has been established and operates as a division of Scottish Enterprise. The

procurement of fund managers for the Scottish loan fund is very near to completion, if not at completion right now. Mr Brown should give due regard to the evidence on that matter that the Economy, Energy and Tourism Committee was given by Scottish Enterprise officials. However, I suspect that he was not interested in listening to what he was hearing.

**Gavin Brown:** I was extremely interested in listening to what Scottish Enterprise said on the issue. I am afraid that the cabinet secretary is being disingenuous. He knows that thus far every penny of the Scottish Investment Bank has come from the existing Scottish seed, co-investment and venture funds. Those funds have existed, and been operated by Scottish Enterprise, for a number of years. Just putting together those three funds and pretending that that is somehow the Scottish Investment Bank is utterly disingenuous. I listened to every word that Scottish Enterprise said, because I was extremely interested in that specific point. If the cabinet secretary wants to contradict that and to suggest that even a penny has been lent by the bank that did not come from those three pre-existing funds, I will be extremely happy to hear that in his closing remarks.

**Margo MacDonald:** Will the member give way?

**Gavin Brown:** I am sorry; I think that my time is up.

**The Deputy Presiding Officer (Trish Godman):** You should be finished Mr Brown.

15:45

**Kenneth Gibson (Cunninghame North) (SNP):** Forgive me if I do not take Tory concerns about job losses seriously. I remember the Tories saying that the abolition of fox hunting would cost 2,000 jobs in Scotland.

I congratulate the cabinet secretary on producing a budget that delivers for Scotland in the face of unparalleled cuts. It will help to protect front-line services and jobs, and to grow our economy and spending on the national health service, all in the teeth of £1.3 billion of cuts in next year's budget from the coalition Government at Westminster—£1.856 billion in real terms—and following hard on the heels of Labour's real-terms cut of £679 million this year. The severity of those cuts is indeed shocking.

However, despite these cuts coming from a Tory-Liberal coalition, let us not forget for one minute why we are in such a financial quagmire. Economic mismanagement by Labour left the UK with its largest level of national debt since the second world war, tipped us into the worst recession in living memory, and destroyed the country's balance of payments as Labour spent

money like it was going out of fashion. What should we expect from a party that always leaves a financial crisis when leaving government and which had the International Monetary Fund bail it out in the 1970s? Gordon Brown promised us that the days of boom and bust were gone. We must be gracious enough to acknowledge that he delivered on half of that promise.

We should also remember that two thirds of the cuts that Scotland will endure were already planned by Labour. Alistair Darling drew up plans for an £814 million cut in the Scottish block before factoring in plans to raise national insurance by 1 per cent, which would have added a further £104 million of pressure to Scotland's budget. That measure was met by deafening silence from Labour north of the border. Labour also bequeathed Scotland £28.1 billion in private finance initiative debt when it left office in 2007.

For Labour to now blame Scotland's woes on the policies of a Scottish Government that it does not wish to control interest rates, VAT, national insurance, fuel duty, corporation tax, oil revenue, all income taxes and the financial sector is ridiculous and the people of Scotland will see straight through it.

By accelerating spending and investing in Scottish jobs and our economy and people, the Government has helped small and medium-sized businesses. The most recent data that are available show that our approach is paying dividends. Scotland's recession was shallower than the UK's and we exited recession a full three months before the rest of the UK. Scottish unemployment fell by 5,000 towards the end of last year, with 18,000 additional jobs in the Scottish economy, while UK unemployment increased by 49,000 in the same period. In construction, employment grew by 23,400 last year, while it fell by more than 26,000 over the border. The SNP will build on that record to deliver the best possible deal for Scotland with the modest resources that we have.

The SNP is committed to ensuring that our young people receive the best available education. That includes maintaining the number of student places and the education maintenance allowance, investing in school building projects, reducing teacher unemployment through a settlement with the Convention of Scottish Local Authorities, and creating a new early years and early intervention fund. Of course, we also abolished Labour's tuition fees.

During the past four years, our approach has seen our young people achieve the best higher pass rates ever recorded and 86.8 per cent of school leavers have moved on to positive destinations. Those have included apprenticeships, which we have increased by 30

per cent since Labour was in office, college education, employment and, of course, university with free tuition.

The SNP will protect spending in the NHS to deliver excellent care to the people in our society who need it most. That is something that Labour rejects, as confirmed by Mr Whitton's appearance on "Newsnight Scotland" last Thursday, and something that Jackie Baillie obviously missed.

**Jackie Baillie:** The member's time is up.

**Kenneth Gibson:** If Jackie Baillie had had the courtesy to accept an intervention from me or my colleague Joe FitzPatrick, I would have been happy to take one from her. But, of course, it is all about infantile politics for Ms Baillie, who talks about spending more money on this or that, but gives us no idea where that money is supposed to come from. It is empty rhetoric of the worst kind.

Our determination is to protect the NHS budget in conjunction with our previous commitment to pass on Barnett consequentials from increased health spending in England to the NHS in Scotland. No doubt Labour would rather that we spent that money on the white elephant of the Glasgow airport rail link, about which it has been rather quiet today.

The health budget includes an £8 million increase in funding to tackle hospital infections, on top of the £54 million that we are already spending; that is treble what Labour spent when Andy Kerr was the health minister.

The SNP Government will extend the free concessionary bus pass to all injured forces veterans. At the Glasgow East by-election, Labour falsely said that we would abolish that. That goes some way towards recognising the sacrifices that the veterans and their families have made.

In contrast, the UK cuts agenda has been exposed as fundamentally flawed. Yesterday's figures show that the UK teeters once more on the brink of recession. Mervyn King rubbed salt into the wound by pointing out that workers were suffering the sharpest fall in real wages since the 1920s. He predicted that inflation could reach 5 per cent in the next few months as we await the full impact of VAT, national insurance and fuel duty increases.

VAT, national insurance and the latest fuel duty insult will take £3 billion out of Scotland this year to line Treasury coffers, in addition to the £12 billion from North Sea oil that will head south. It is shameful that, although Scotland has most of the European Union's oil, prices here are the highest in Europe, thanks to the UK taking so much tax. Higher costs for goods and services have an impact on competitiveness, and jobs experience the inevitable consequences.

I have not heard a single word from any member of the London-led parties to call for mitigation of that burden returning to the Scottish block of the millions that have been taken, to pay for increased fuel duty and VAT, from the NHS, local government and so on. That is because putting Scotland first simply does not occur to those parties. Meanwhile, they moan about a tax on 235 megastores that would cost those businesses only one fiftieth of 1 per cent of their gross revenue while delivering for Scottish public services and creating a level playing field for small businesses. The £30 million to which that would amount is 1 per cent of the money that Scotland is losing in the payments for VAT, fuel duty and so on that I have mentioned.

The budget delivers for Scotland to protect our economy, jobs and front-line services. Until the Opposition parties reveal where they intend to conjure more money from, explain where they would make cuts instead and perhaps even outline costed policies, they have a duty and a responsibility to pass the motion today.

15:51

**Robert Brown (Glasgow) (LD):** The Parliament might be relieved to hear that I will pause for breath from time to time, unlike Kenny Gibson.

Without question, the budget debate takes place against a more sombre economic background than any that we have known for many years. I will start with a few words to give the context. When the United Kingdom Government came to office last May, it inherited the worst fiscal deficit since the war. It is undoubtedly true that my Liberal Democrat colleagues in London have received extraordinary abuse for the actions that they have taken in the national interest since then. More than any, we know that Opposition is an easier place than Government. We know too that the previous Labour Government, which presided over the circumstances that led to the banking crisis, ducked many of the hard choices. The total cost to the economy of the banking crisis is estimated at between £1,700 billion and £9,000 billion, according to Bank of England figures.

Before the forthcoming financial year, the SNP Government has not required to make cuts because of the recession. For all the huffing and puffing about independence and fiscal autonomy, and despite their dodgy dossiers about easy and automatic growth under full fiscal autonomy, SNP ministers are—privately—hugely relieved that the UK Government had to bail out and rescue the Scottish banks and that they have the stability of the Barnett formula to buttress the Scottish budget at this difficult and volatile time.

**Kenneth Gibson:** Will Robert Brown give way on that point?

**John Swinney:** Give way—take a breath.

**Robert Brown:** I am happy to take a breath if Mr Swinney has an intervention to make, but I would prefer to proceed.

The downside is that one could be forgiven sometimes for having the impression that the SNP lives in a parallel universe in which public debt grows on trees and does not have to be repaid and in which the recession and the banking crisis affect faraway countries of which we know little, as with independent Ireland, whose problems Jim Mather thinks are caused by an incompetent Government.

Independent Ireland, which has a large banking sector, provides a mirror for our situation. Of course, the SNP Government always drew it into evidence in previous years. Ireland does not have the critical mass of the UK's economy and resources or a stable coalition Government to deliver a recovery plan over four or five years. It probably brings a wry smile to the cabinet secretary's face that the Irish Government depends on a bunch of erratic and unreliable Greens. The Irish public have had public sector cuts, job losses, wage cuts, emergency tax imposts and VAT at above UK levels. They now have hugely unhelpful political turmoil and uncertainty, and the Irish fiscal crisis still threatens not only Ireland's future but the euro zone's stability.

The Scottish Government in the United Kingdom does not have those problems, but it has the lesser problems of managing the first revenue cuts since the Parliament was formed. Its challenge is to continue to deliver good public services and to play its part in creating the conditions in which the economy can grow in order to sustain jobs, support businesses and balance the books.

Like any Government, the Scottish Government has choices. With £33 billion to spend, in comparison with £14 billion only 12 years ago, it has more choices than almost any other Scottish Government since devolution.

My first criticism, in suggesting that the budget does not match up to the challenge, is one that the Finance Committee made. The Scottish Government rides two horses. It must ask the question that the Finance Committee asked: is the primary aim of the draft budget the protection of services, in particular universal services, or is it economic growth? I accept that there is an overlap in that regard, but the priority needs to be to grow the Scottish economy.

In that context, the Scottish Government seems to be insufficiently focused on creating skills,

providing opportunities and equipping enough of our young people with what they need if they are to march forward into the future with confidence. That is particularly the case in relation to colleges.

**Margo MacDonald:** I detect a common thread between the member's speech and Jeremy Purvis's speech. The members think that the priority is growth and not the protection of universal services. Do the Liberal Democrats advocate selective or targeted services?

**Robert Brown:** There is common ground between Liberal Democrats and members of other parties in the Scottish Parliament, who have been critical of the extent to which benefits such as prescription charges and free school meals have been the main direction of the Scottish Government's policies. If we spend money on certain things we cannot spend it on other things.

Scotland's Colleges identified a cut of £48 billion, or 10.4 per cent, in colleges' budgets, at a time when investing in skills and young people should be central—*[Interruption.]* There might be issues to do with budgets, but that is what Scotland's Colleges, which is in a position to know something about the issue, said. For Liberal Democrats the issue was a priority that we pushed with the Government in the context of last year's budget. That resulted in funding for a further 7,500 places. The issue remains a priority and something of a litmus test for us this year. There is also a significant issue to do with stretched budgets for college bursaries.

On the challenges that the voluntary sector faces, I ask the cabinet secretary whether he has taken forward with local funding partners—councils, health boards and others—the extent to which their policies allow a level playing field for the voluntary sector, provide time and space for transition and create opportunities for social and voluntary enterprise. It would be helpful if priority were given in that regard.

The Cabinet Secretary for Finance and Sustainable Growth has a difficult job. He is responsible for making real decisions, as are Liberal Democrats in government in London. The circumstances and pressures are not all of his choosing, any more than they are of ours. Much of the budget spend is welcome. Support for schools and young people, doctors, hospitals and the sick, and central and local government services could scarcely be anything but welcome. However, the cabinet secretary has a distance to go before stage 3 if he is to satisfy Liberal Democrats that his priorities are the right ones and his budget is a budget for Scotland and for our young people.

15:57

**Des McNulty (Clydebank and Milngavie) (Lab):** In the brave new world that—according to the SNP—arrived in 2007, we were promised across-the-board reductions in class sizes, the abolition of student debt, the maintenance of teacher numbers, additional support for child care and physical education, free music instruction, and much, much more. Indeed, the SNP's first act in government was to increase the number of young people who entered teacher training. That is a move that Mr Russell would prefer that we forgot.

In the intervening period, we have witnessed the outright abandonment of the pledge on student debt, the introduction of charging for music instruction by many local authorities, increases rather than decreases in class sizes, with secondary 1 and 2 pupils being particularly disadvantaged, and exponential growth in the number of recently qualified teachers who are unable to find teaching jobs. There has been no progress whatever on child care and PE and, of course, there are now 3,000 fewer teachers in our schools.

All those failures are failures of the SNP. They cannot be blamed on the Con-Dem Government at Westminster. They represent cuts that were made when the Scottish Government's budget was climbing to record levels and which are attributable to policy choices that were made around the Cabinet table by Alex Salmond, John Swinney and their Cabinet colleagues.

The SNP has been served with notice to quit and will be evicted by the electorate in May. In the meantime, its final, political budget, which can be regarded as a consequence of the Westminster coalition Government's too fast, too deep approach to cutting the public sector, will build on and compound the SNP Government's mistakes and failures in education.

I find it remarkable that SNP politicians have had the nerve to stand up and tell us that they are making the best of a difficult job. There is no doubt that the shrinkage in the block grant would make life difficult for any finance minister. Cuts are always painful and, undoubtedly, some have had to be made, but the Government's habit of ducking its responsibilities and avoiding policy choices is particularly damaging.

**Joe FitzPatrick:** Will the member give way?

**Des McNulty:** Our schools are under pressure, education is already suffering and we can count the number of teachers who are no longer employed in the system, but the Cabinet Secretary for Education and Lifelong Learning has never been more bullish. It is sometimes difficult to gauge from the Government's response whether it has any sense of what people feel out in the real

world, what teachers are saying and what parents are worried about.

Some time this week, the Cabinet Secretary for Education and Lifelong Learning will announce the person who is to conduct the supposedly independent review of the McCrone agreement. However, because it has not gone through the statutory negotiating procedure, teachers fear that something that could be positive—an examination of the agreement 10 years on to determine whether better educational outcomes could be delivered—is intended simply to be an assault on their conditions of service.

Schools already have to do with fewer teachers and specialist support staff. They have also faced the removal of classroom assistants. Over the past three years, there was a quiet attrition in school budgets and there were wide variations in the local decisions that were made in different parts of Scotland. That was all prompted by the concordat deal through which the SNP sacrificed education in support of political advantage.

However, the chickens are now coming home to roost. In SNP-led Aberdeen City Council, we see the next stage: compulsory redundancies as part of a dramatic series of cuts in provision. In SNP-led Renfrewshire Council, unqualified people are being recruited to replace classroom teachers for part of the teaching week. Parents in Edinburgh believe that the SNP-Lib Dem-led council completely lacks strategic vision in the way in which it addresses how the available resources should be used.

There is responsibility on government at all levels, but the SNP ducks it every time.

**Shirley-Anne Somerville (Lothians) (SNP):** Will the member give way?

**Des McNulty:** A service that should deliver national priorities has become a postcode lottery, while the Cabinet Secretary for Education and Lifelong Learning, who is notionally in charge, devotes his time to usurping the responsibilities of the retiring member for Argyll and Bute. Every time, the SNP puts personal interest before public obligations and party before country.

Mr Swinney said that his budget's prime objective was economic growth. Why, then, are the budget areas that are most closely related to the generation of economic growth—further and higher education, housing and regeneration, and infrastructure investment—the areas that have been cut the most? Higher education cuts are 13 per cent and regeneration cuts are 70 per cent. Only the sleight of hand that keeps projects in the pipeline when there is no money to deliver them has disguised the extent of the infrastructure cuts, which have contributed to Scotland moving from

being the UK's second top-performing region on economic growth to being the worst performing.

The cuts in education not only create problems for the coming year but will have a long-term impact. We are blighting our young people's prospects because we are not putting them first.

**Joe FitzPatrick:** Will the member give way?

**Des McNulty:** There are some things in the budget that I welcome. For example, I welcome the retention of the education maintenance allowance but, as the National Union of Students has pointed out, there is a real problem with college bursaries that affects our poorest students, and which we really need to address.

James Watt College in Greenock is losing 100 teaching staff. The position is being replicated in other colleges throughout Scotland. If we want a renewables industry in Scotland, we must train the people who will make it work. If we go around cutting college education—precisely the area in which we need to invest—how will we make a success of the renewables industry?

It is all very well the Government saying that its priority is economic growth, but if it does not will the means to make that work, it will not work. That issue lies at the door of Mr Swinney and his Cabinet colleagues.

16:04

**Shirley-Anne Somerville (Lothians) (SNP):** A few short weeks ago, pure political posturing from Opposition parties forced the resignation of Scotland's transport minister, after parts of our motorway network ground to a temporary halt as a result of extreme weather. Yesterday, we heard George Osborne blame the same inclement weather for the fact that the entire UK economy had ground to a shuddering stop. For some reason, I do not hear a similar clamouring for resignations in the chamber today. Although a change of chancellor might be nice, we need, more than anything, an urgent change of policy at a UK level. If the UK economy cannot cope with a couple of weeks of snow, how can anyone think that it will cope with the British Government's suicidal programme of spending cuts and tax increases against a backdrop of painful inflation? Even if the December weather had been tropical, Tory-Liberal Democrat policies had already ensured that growth would falter. With the economy so vulnerable, the message is clearer than ever: the coalition's cuts are coming far too fast and far too soon.

It is against that background that we debate the Budget (Scotland) (No 5) Bill. With a £1.3 billion cut from the Scottish Government's pot, the Finance Committee noted—even prior to

yesterday's grim news on UK GDP—that the budget was

“the most difficult since devolution”

and that

“producing a balanced budget in these circumstances is a significant challenge for both the Government and the Parliament.”

I believe that the Scottish Government has met that challenge successfully, but that the Parliament is in danger of failing to meet it. On two key budget issues, the Opposition has it very wrong so far. I am sure that people outside the Parliament will be appalled by the decision of Labour and the Liberal Democrats to vote against the council tax freeze in committee. They appear to argue that the freeze will not make much difference to people. They should try telling that to hard-pressed households, which are already facing the VAT increase, benefit cuts, pay freezes and a rise in inflation. Householders saw council tax bills rise by more than 60 per cent when those two parties were in office together; now, they are again joining forces, obviously keen to return to the good old days of crippling tax hikes across Scotland. It is imperative that the Scottish Government continues to do all that it can to protect household incomes.

**David Whitton (Strathkelvin and Bearsden) (Lab):** Will the member take an intervention?

**Shirley-Anne Somerville:** Equally as galling is this morning's decision by the Tories, the Liberal Democrats and the Labour Party to coalesce once again to vote against the levy on our largest retailers. I remember when, not that long ago, Vince Cable trotted up to Stockbridge to meet the Liberal Democrat Westminster candidate. Both were pictured outside the proposed site for a new Sainsbury's, looking dismayed at the thought of its impact on the local shops.

One struggles to understand how the Liberals can introduce a £1 billion VAT increase to Scotland while complaining about a £30 million levy on the largest retailers, whose takings over the length of this debate could almost cover the full amount.

Only last year, Nick Clegg launched a policy document proposing a policy that is almost identical to the one that the Liberal Democrats led the charge to vote down this morning. I suppose that that glossy document is in the same bin that their policy on tuition fees and their anti-nuclear stance have been in since their ministerial cars arrived.

Then we come to the Labour Party, which constructed its entire opposition to minimum pricing for alcohol on the basis that it would boost the profits of those nasty supermarkets. Now

Labour complains that the Scottish Government has the audacity to take £30 million of those profits to support vital public services.

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

**Shirley-Anne Somerville:** I am sorry, but the member's colleagues—who aspire to ministerial office—did not manage to take interventions, thus proving what a second-rate team they are, so we will take no interventions on our side.

**Mike Rumbles:** Will the member take an intervention?

**Shirley-Anne Somerville:** I do not think that Mr Rumbles aspires to ministerial office either.

It may be the Opposition parties' wish to raise the council tax and punish small businesses that will grab the headlines today, but I am also pleased about the details of the budget, and I take this opportunity to highlight two in particular. Too often in the past, services such as rape crisis centres and support organisations for victims of domestic abuse were seen as easy touches for spending cuts. I am particularly pleased that this Government has safeguarded the budgets for many of those key organisations. Although the sums involved are relatively small in the grand scheme of the budget, the difference that can be made to the lives of women is immeasurable.

**Robert Brown:** Will the member give way?

**Shirley-Anne Somerville:** Secondly, I was delighted that funding for the climate challenge fund will not only continue but increase. Many local projects across Scotland, including in my Lothians constituency, have benefited from the fund.

I must finish where I started. I believe that the cabinet secretary has played a near impossible hand as best he possibly could. The cuts that he faces are deep—the capital cut, in particular, is quite beyond the pale. Having made the right decision to accelerate capital spending so as to boost construction in the teeth of the recession, as a Government and a Parliament we have had the rug cut from under our feet by the Westminster Government.

Ultimately, we should not be debating how to divvy up those savage cuts here. There is a better way, and I look forward to the day when this Parliament has the power to deliver it.

16:10

**Duncan McNeil (Greenock and Inverclyde) (Lab):** As you will know, Presiding Officer, as it is a community that we share and represent, Inverclyde knows all about hard times. It knows that the consequences of Government politicians



walking by on the other side of the street are high unemployment, low pay, depopulation, a higher dependence on public sector jobs, impacts on health and housing, poor educational attainment and a low skills mix.

As a community, we worked with the most recent Labour-led Executive and came together to address many of those issues. We invested massively in a new school estate and teachers to address underattainment. We increased the number of people who went through the college at the heart of our community to address and improve our skills base. We voted in extremely high numbers for a housing stock transfer that released massive amounts of money, which is being used to renew existing homes and to build new ones in our area. That is very important in encouraging people to stay. With that support, we also developed a wider range of private sector housing, the price of which was more appropriate for the area. In 2007, we confirmed the future of our local hospital. We set up an urban regeneration company to attract new jobs and to open up the area. We converted our brownfield sites to attract new businesses and jobs. We did all that over that period.

At this point, it should be said that, in these difficult times, we are not foolish enough to expect increasing budgets to address those issues—our community is not naive—but we do not expect to be hit disproportionately hard. In such times, hard-pressed communities should not be asked to pay a higher price than communities that are more resilient to the impacts of the cuts that are in store.

I thought that the cabinet secretary accepted that the issues that confront communities that are less resilient in the face of cuts should be recognised. When I asked him about that in the chamber on 9 September, he followed up his answer with a letter to me on that very subject, but we know now that what he gave me was no more than warm words. We know that the local government allocation will hit communities that have smaller numbers and which are suffering depopulation.

As a result, the schools programme will be delayed, if not worse. The cuts that will be made in the number of public sector jobs will have a disproportionate impact on communities such as mine that already have high levels of unemployment. In addition, of course, the housing budget will be cut by around 30 per cent, which will hit our ambitious local programmes for housing and new builds. Some housing associations are already considering rent increases. As we heard from Des McNulty, our local college has declared more than 90 redundancies, and the level of bursaries on offer is to go from the best in the country, recognising the profile of the community,

to the worst. The college principal has asked how a total in-year funding shortfall of almost £5.7 million can be bridged.

The biggest single cut in the SNP budget has been reserved for our successful urban regeneration company, Riverside Inverclyde, which faces a 70 per cent budget cut. No other budget line in the Scottish budget faces such a savage cut, which there can be no doubt goes way beyond any departmental norm and threatens current and future plans for the regeneration of our area.

The cabinet secretary has left the chamber. I hope that he will read the *Official Report* tomorrow.

That cut is a cut made in Scotland that will impact on a vulnerable community in Scotland. The Government has allowed Scottish Enterprise to renege on its commitments to URCs in Scotland, despite being barely halfway through a 10-year project. The decision has angered my community, and my local newspaper has mounted a campaign. The success of the regeneration company is being wasted.

Is that truly the cabinet secretary's idea of a reinvigorating approach to regeneration, as recommended by Sir John Arbuthnott in his Clyde valley review and emphasised by Crawford Beveridge in the independent budget review?

My community still bears the scars of the previous recession. We have made considerable progress, slowly but surely, in rebuilding the damage created by the Thatcher years. The work of the urban regeneration company is an integral part of that recovery. I call on the cabinet secretary to avoid repeating the mistakes of the past, to make good on his commitments to the URCs, and to reinstate Riverside Inverclyde's budget so that it can continue the valuable work that it is doing in my community.

16:16

**Joe FitzPatrick (Dundee West) (SNP):** Today's debate highlights that our SNP Government is doing its best, within the limited powers of the Parliament, to protect jobs, public services and household incomes in the face of huge cuts from Westminster. I call it a "debate", but I find it incredible that two Labour candidates for the position of cabinet secretary have refused to take any interventions from back-bench SNP members. Perhaps I should not be surprised about that because we are now one and three quarter hours into the debate and we have not heard a single constructive idea from the Labour Party.

**Andy Kerr:** I remind the member that one of the current Government's ministers refused to take interventions, so his point was hardly worth while.

As for ideas, there is the Scottish future jobs fund, with a guaranteed apprenticeship for all those who are capable of taking one up, and of course, as Duncan McNeil just said, a reversal of the savage cuts on regeneration.

**Joe FitzPatrick:** This is the stage 1 debate on the budget, and what we have to do today is to provide a balanced budget. It is easy to come up with lots of ideas about how to spend money but if we want to be credible we need to say what we would cut in its place. That is what the Labour Party has failed to do today. Perhaps that is no surprise. As Kenny Gibson pointed out earlier, two thirds of the cuts that we are having to grapple with in the budget were planned by the previous Labour Government—cuts that Alistair Darling said would be deeper and tougher than those imposed by Margaret Thatcher.

In spite of the challenges of such an unprecedented cut to funding, there is still some good news. I hope that the whole Parliament will join me in welcoming the commitment to funding for the Victoria and Albert museum at Dundee, which is a major step towards completion of the project and is crucial to securing the remaining investment and allowing the project to move forward at full speed. I hope that members have the opportunity to visit the exhibition, which is still in the Parliament's main hall. Inward investment is already being stimulated in Dundee, where there is a positive uplift to our local economy on the back of the V and A project.

The budget also aims to continue the council tax freeze that has been so important in helping households through these challenging times. For the fourth year running, there will not be an increase of a single penny in households' council tax bills. In the first four years of the SNP Government, bills have been frozen, whereas in the last four years of the Lib-Lab Administration, bills in Dundee increased by 11 per cent.

A band D household in Dundee would be paying an extra £150 this year if there was no freeze. We must remember that that saving has to be added to the money that was saved in previous years—money that the Labour Party would have us remove from the pockets of pensioners and other hard-pressed householders.

The assumption in those figures is that, without the council tax freeze, the increase would be roughly in line with inflation. We heard earlier about the 60 per cent rise throughout Scotland, but if we look back, we can see that once that can of worms is opened, the sky's the limit when it

comes to Labour's determination to squeeze council tax payers.

Between 1997 and 2007, the council tax in Dundee went up by a staggering 51 per cent. The worst year in that period was 1997-98, when the Labour council slammed the council tax up by 14.9 per cent in one year. It is no wonder that Labour lost two thirds of its councillors in the 1999 council elections as the SNP trebled our representation.

There is one group to which a few pounds does not make a great deal of difference: the large supermarkets. As we have heard, provisional figures indicate that Tesco would be the largest contributor through the Government's proposed increase in business rates, paying some £8.5 million annually. That needs to be considered in the context of the £3.4 billion pre-tax profits declared by the company last year; it does not seem unreasonable that Tesco should contribute a little bit more.

**Jeremy Purvis:** In that context, does Mr FitzPatrick believe that Tesco should be in receipt of any industrial grants from the Scottish Government?

**Joe FitzPatrick:** Grant schemes are laid out and all companies can apply, but that does not prevent the largest companies, when they are making huge profits, from taking on a little bit more of the burden to ensure that we protect public services as much as possible.

It is incredible that Labour members of the Finance Committee voted against the council tax freeze, which would save ordinary households money, while calling for big business, such as Asda and Tesco, to be exempt from paying higher business rates.

**David Whitton:** For the record, we voted against welcoming the council tax freeze that Mr FitzPatrick is so keen to pursue. I am sure that he read the comments of David Bell, the committee's adviser, who said that the council tax freeze does nothing for economic growth and that the people who benefit most are those on middle to high incomes.

**Joe FitzPatrick:** Those who benefit most are constituents from throughout the country who were often in tears when the bills came through their door. In 1997, the bill was hiked by 15 per cent but pensioners' pensions did not go up at anywhere near that rate. Those are the people whom David Whitton is attacking. He should be ashamed of the way in which he is siding with big business.

We should not be surprised, however, because Labour has a track record of putting big business before the interests of ordinary folk. We saw that with PFI and we recently witnessed it with the Alcohol etc (Scotland) Bill, when Labour came out

to bat for the big drinks companies, to the detriment of the health of the people of Scotland. The rumour is that in that case the modern equivalent of 30 pieces of silver is 24 bottles of Peroni.

The SNP Government is standing up for communities by maintaining the 1,000 extra police officers; standing up for households, with council tax to be frozen for another year; and investing in our future with funding for the V and A museum at Dundee.

As a member of the Finance Committee, I call on all members to put party politics aside and support the budget. As the MSP for Dundee West, I plead with members not to place any doubt on the funding for the V and A at Dundee.

16:23

**Mike Rumbles (West Aberdeenshire and Kincardine) (LD):** Listening to the speeches from SNP members, I think that they believe that somehow Scotland should be immune from the belt tightening that has come down from Westminster. The 2 per cent cut to our budget is difficult, but looking at the Republic of Ireland, for example, confirms to me how important it is for us to remain strongly within the framework of the United Kingdom.

I am pleased to contribute to the debate on the last budget to be presented to our Parliament by this SNP Government. As it stands, the budget is not what is required for the year ahead by my constituents in Aberdeenshire.

Just two days ago, the Cabinet Secretary for Finance and Sustainable Growth—who I am glad to see has come back into the chamber—announced that he would review the funding formula for allocating resources to Aberdeenshire Council and Aberdeen City Council. Indeed, it was the front-page story in *The Press and Journal*—there must be an election in the air. That is because the share of the budget that Aberdeenshire Council and Aberdeen City Council receive from this Administration has hit an all-time low. Aberdeenshire Council now receives just 87 per cent of the average council allocation on a population basis. That is bad enough, but Aberdeen City Council is now at the very bottom of Mr Swinney's priorities for funding for our local councils. That will not come as a surprise to Mr Swinney, as he has past form on this. Joe FitzPatrick referred to the 30 pieces of silver, but I refer to John Swinney's Pontius Pilate approach to funding for Aberdeenshire Council and Aberdeen City Council, which has gone down extremely badly in the north-east. He has already reviewed the issue—he gave it to the Convention of Scottish Local Authorities and then refused to do anything

when, for reasons of self-interest, it refused to change things. Metaphorically speaking, John Swinney washed his hands in public, saying that it was not his decision.

Mr Swinney's use of the English language to suggest that he will review the matter again reminds me of the line in the comedy "Yes Minister" when the minister says, "Of course, all of our policies are under constant review." I am sure that that is the case here. I am afraid that Mr Swinney has no credibility at all on the issue.

**Kenneth Gibson:** Will the member accept an intervention?

**Mike Rumbles:** Not at the moment.

There are many other issues on which the budget is simply not up to scratch. The cabinet secretary has cut millions out of the universities and, especially, the college sector and, for the next four years, he has projected a funding standstill. Whatever the solution to university and college funding is, that is not it and he knows it.

**The Minister for Transport and Infrastructure (Keith Brown):** Tuition fees?

**Mike Rumbles:** From a sedentary position, the minister says tuition fees. I remind the minister that the Liberal Democrats abolished tuition fees in Scotland 10 years ago and we are very proud of that.

The cabinet secretary has also cut bursaries for our poorest students, and that must be put right.

This should be a budget about helping to create jobs in the Scottish economy—it would be helpful if the cabinet secretary listened—and about giving local people control over local services, not doing the opposite by centralising services in Edinburgh and Glasgow. It should also be about restoring Scotland's excellence in education by properly resourcing our universities and colleges, by giving more powers to schools and by funding early intervention for children from the poorest backgrounds, not cutting it. That is what the budget should aim to achieve. At the moment, it does not do any of those things.

This is a stage 1 debate and I believe that Parliament should allow the budget to proceed on the basis that it must be improved. I listened to Joe FitzPatrick say that we should put our differences aside and unite behind the budget. How silly. This is the wrong budget for Scotland and if it proceeds without change, it will be defeated—there is no question about that.

**Joe FitzPatrick:** It would have been useful if the Liberal Democrats had produced some costed alternative spending proposals that could have been examined during the committee process. That is what is supposed to happen at stage 1.

**Kenneth Gibson:** Give just one.

**Mike Rumbles:** I will give just one that is in the public domain, of which the cabinet secretary is well aware. It was raised by Tavish Scott at First Minister's question time recently. The amount that is paid in salaries of more than £100,000 a year in the public sector in Scotland has risen by £54 million in the past year—just like that. We are told by Mr Salmond and Mr Swinney that the SNP Government is tackling the issue. Aye, right.

Let us get back to the point. When we talk about compromise on the budget, it must be real compromise. When SNP members say that MSPs must work together to pass the budget, they are absolutely right; however, that does not mean that everybody apart from the SNP must compromise, which is clearly the mindset of Joe FitzPatrick, the cabinet secretary and the SNP members who have spoken in the debate. So far, I have not seen much willingness to change from Mr Swinney although, as I have said, I am willing to give him the benefit of the doubt and see the bill passed at stage 1. Nevertheless, if he does not genuinely move to put right some of the issues that I have raised, I will argue to my colleagues in the Liberal Democrats that we should vote against the budget at stage 3.

16:29

**Malcolm Chisholm (Edinburgh North and Leith) (Lab):** Now, more than at any other time in the 12 years of the Scottish Parliament, Scotland requires a budget for jobs and growth—a budget that reflects the serious concerns of the Scottish people when confronted with yesterday's appalling negative growth figures, for example, as well as the cuts that are coming from the UK Government, which, as most of us know, are far too fast and deep. Instead, as many witnesses to the Finance Committee said in their own way, we have a rhetorical commitment from the Government to jobs and growth, but it is a commitment that is often not matched by the relevant budget lines.

Of course, I accept that the room for manoeuvre is limited, so we are not going to see enormous changes in the next two weeks. However, we need there to be changes that make this a budget for jobs and growth. I suggest two main areas in which changes can be made: in the revenue area, there must be changes to address the problem of youth unemployment; and, in the capital area, there must be changes to address the massive cuts to the housing and regeneration budgets.

On youth unemployment, Andy Kerr mentioned the appalling figure of a 338 per cent increase over the course of this parliamentary session in the number of people aged between 18 and 24

who are out of work for more than a year. In my constituency, unemployment has gone up in the past year and half of that increase is in the 18 to 24-year-old age group. Indeed, in Edinburgh as a whole, there are more school leavers out of work than is the case in any other part of Scotland.

What does the Scottish Government propose to do when confronted with that problem? To start with the local angle, two days before Christmas, we had the astonishing letter from Alex Neil that said that, over and above the cuts to the fairer Scotland fund for Edinburgh, there would be an additional £2.3 million cut to the budget for the capital city partnership that funds getting into work services in Edinburgh. That will decimate local projects in the most disadvantaged areas of the city, including a community employability project in west Pilton in my constituency, and will devastate the joined up for jobs initiative in Edinburgh, which has been widely praised in the past few years.

**Shirley-Anne Somerville:** Can Malcolm Chisholm explain to constituents in west Pilton and other places in his constituency how they will benefit from the budget that is currently going towards the trams? Further, can he say how his wish to extend the scheme will impact on future budgets and where the cuts will fall to pay for the promise that he has made in that regard?

**Malcolm Chisholm:** There should be some adjustments to the revenue budget and the capital budget for housing, which I will mention in a moment. Obviously, Shirley-Anne Somerville never makes a speech without mentioning the trams, but most people will realise that that is not actually relevant to the particular subject that I am addressing.

We need the wider measures that Andy Kerr was proposing in relation to the future jobs fund and a guaranteed apprenticeship for all, with the relevant qualifications. I accept that we cannot deliver all of that in this budget, but we need to take the first steps towards that. With particular reference to my local situation, there must be a reversal of that appalling cut, which will affect the most disadvantaged areas of the city.

The issue of housing came up quite a lot in the Finance Committee's meetings and is dealt with in paragraph 96 of its report, which says that there could be an "immediate impact" on economic growth if something was done in relation to the housing budgets.

As Mary Taylor, director of the Scottish Federation of Housing Associations, pointed out in a letter to the committee, the cut to the housing budget this year amounts to more than 30 per cent, if we take account of the capital acceleration, which means that it is beyond the average cut to capital budgets. She also pointed out that the

amount that is available for new housing next year is of the order of £50 million, which might fund fewer than 1,000 additional houses, depending on the subsidy rate. As I suggested to John Swinney in the committee, there must be some adjustment of the capital budget, because spending on housing would be of immediate benefit to the economy.

I must refer to the description of the Government's tax proposal as an out-of-town tax. As the member who has Princes Street in his constituency, I can tell the cabinet secretary that at least 10 stores in the street would be covered by the proposal and that, as far as I know, Princes Street is not out of town. This week, I had a meeting with people from John Lewis about the issue, and they pointed out that one of the consequences would be the withdrawal of large stores from the business improvement district initiative, which would be, in effect, town-centre regeneration in reverse.

I support the need for extra taxation on big businesses, but the cabinet secretary needs to spread it over a much wider range of businesses. Members of the public must not believe what some SNP members say about our general attitude to the issue. We are concerned not about taxing big business, but about the narrow focus of the policy, which would damage town centres.

Paragraph 122 in the Finance Committee's report refers to the preservation of core places in FE and HE. I hope that, in winding up, the cabinet secretary or the minister will explain what that means, because—this is also a constituency point—many FE students have written to me in the past few days about bursaries and pointed out that even in the past year many people could not go to FE colleges because of the unavailability of bursaries. That is a situation that will get worse into next year, and it is another issue that is of great economic relevance as well as being relevant to the lives of particular individuals.

16:35

**Willie Coffey (Kilmarnock and Loudoun) (SNP):** I welcome the opportunity to contribute to the debate on a budget that is clearly very challenging but also, possibly, the most important budget that the Parliament has considered.

That the budget is challenging is beyond dispute. The Finance Committee rehearses the debate between the Scottish Government and the UK Treasury about whether this year's cuts are £900 million year on year or, as the Scottish Government argues, an even more staggering £1.3 billion. What cannot be disputed by any party is that for the first time since it was reconvened, this Parliament is having to deal with cuts in public

services on a scale that has not been seen since the Thatcher era.

It is also beyond dispute that the cuts flow directly from decisions made by Westminster Governments, started under the Labour Party and accelerated by the current coalition. If they are to be honest with themselves and the public, Opposition members must acknowledge that the cuts are the true face of Scotland's much-vaunted union dividend.

**Mike Rumbles:** Everybody accepts that the 2 per cent cuts are difficult, but when Willie Coffey looks at independent nations that are under really severe pressure—such as our nearest neighbour the Republic of Ireland, for instance—does he not see the benefits of the UK dividend? [*Interruption.*]

**The Deputy Presiding Officer (Alasdair Morgan):** Order, Mr Gibson.

**Willie Coffey:** The point about the small nations is that no matter what difficulties they are facing, not one of them is suggesting that independence for their nation is a bad thing and that they would prefer to be cocooned in some larger union.

It is the scale of the cuts that make the budget the most important that the Parliament has considered. As the people of Scotland deal with the consequences of the cuts, they are looking to the Parliament—our Parliament—to do more than just manage the resources that are handed down from Westminster. They are looking for an understanding of why the cuts are being imposed, and for leadership so that Scotland can avoid getting into this position again.

Opposition members have so far failed to address those issues, preferring instead to issue the dire warning that if Scotland was not a part of the union, the position might be worse. It strikes me as a weak argument that after 300 years of the union, the best that Scotland can expect is years of cuts and job losses and the decimation of its manufacturing base—which was once world leading—by policies designed to support an unsustainable financial services bubble.

**David Whitton:** Willie Coffey says that that is the best that he thinks he can get from the union. Does he not recognise that if it had not been for the union, the Royal Bank of Scotland and the Bank of Scotland would have gone bust, taking millions of pounds of people's savings, pensions and mortgages with them?

**Willie Coffey:** It is a wee bit rich for Labour to stand up here and say that it would have saved the banks, when it allowed the banks to run amok in the first place.

If we look at international comparators, we see that that argument is simply not true. The small countries across Europe that are mentioned

include Austria, Denmark, Norway and Sweden, as well as the much-maligned Ireland, which many unionist politicians criticise in this Parliament, to their shame. According to *The Economist*, all those countries, which have populations below 10 million, have average incomes per head above those in the UK, France or even Germany, which is the most prosperous of Europe's large nations.

As Opposition members respond to the questions from voters about why we are facing the cuts, they might also explain why they believe that Scotland would be unique among small nations in being incapable of managing its own affairs in such a way as to grow its economy and sustain its public services.

The Finance Committee report highlights the fact that Scotland's public expenditure is not all delivered through the budget that is available to the Parliament. The budget adviser suggests, quite rightly, that the Scottish Government takes account of what is happening to public expenditure in reserved areas. We have already heard an example today of how that might work, with the suggestion that the Scottish Government should take responsibility for funding the future jobs fund when Westminster withdraws the funding. However, unfortunately, Labour fails to say where it would find the funding for that. We could argue that that is not a serious contribution to tackling the problems that we face, and it really lets down the very people whom Labour claims to represent. We have to ask ourselves where the Scottish Parliament's responsibility to backfill bad decisions by the UK Government begins and where it ends.

As the budget adviser said, defence spending is one area of expenditure that affects Scotland but is outwith the control of the Scottish Parliament. He highlighted the damage that will be done to our economy in the north-east of Scotland by the possible closure of the air force bases. However, recent figures provided by Westminster reveal just how little defence expenditure comes to any part of Scotland. While Labour was in power, Scotland lost 10,500 defence jobs and, according to the Ministry of Defence, only 10 of the top 500 senior officers are based in Scotland. When Opposition members highlight Scotland's growing unemployment and the need for the Parliament to use its resources to address that, but fail to highlight the lack of a return to Scotland from the taxes that are paid to London, they do Scotland a great disservice.

How much stronger could our economic growth be if we were able to raise and spend more of Scotland's taxes here in Scotland? How many more services could we provide if we had the freedom to use Scotland's assets in the interests of the Scottish people? The budget that is presented here today must be supported, and we

should then turn our attention to how we can take control of Scotland's resources in the interests of a better future for our people.

16:41

**Patrick Harvie (Glasgow) (Green):** During the current parliamentary session and the previous one under the previous Executive, there were times when I supported the Scottish budget, times when I opposed it, and times when I abstained. I took the decision, or the Greens did as a group, not because we were beholden to anybody else's agenda, but genuinely on the merits of the argument as it was put forward at the time. Perhaps that is what Robert Brown means when he throws around words such as erratic and unreliable. If so, I am pretty happy with that. I am sure that, by contrast, Mr Osborne regards the Liberal Democrats as extremely reliable and a pleasure to work with. I think that that is more to their shame than anyone else's.

Robert Brown also said that the UK coalition inherited the worst fiscal deficit since the second world war. In making that comparison, let us contrast the current situation with the spirit and constructiveness of a generation that dealt with that deficit and still built the foundations of the welfare state rather than trying to tear them down.

I begin by asserting my view that Scotland does not support the UK Government's agenda, which is using market failure of historic proportions as a pretext for a fundamental attack on public services and the welfare state. The Scottish Parliament must oppose that vandalism. Simply managing a Tory cuts agenda on behalf of George Osborne and Danny Alexander is unacceptable.

John Swinney said that when other political parties bring proposals on the budget to the debate, they must say where the resources are to come from within a fixed financial envelope. Even if I accepted that assumption, no member should be surprised to hear that the Greens cannot possibly support a budget that takes an axe to housing but leaves the road-building programme unscathed. If I did that, members would rightly ask what the Green party was even for. We have not forgotten what we are in politics for and we cannot support a budget that takes that approach.

We have similar concerns on a range of other issues. I would mention many of the issues that are raised in the briefings that have been circulated by organisations that have given evidence to the committees. At the same time as axing the freight facilities grant, the Government's draft report on proposals and policies under the Climate Change (Scotland) Act 2009 makes a paper commitment to just such an incentive scheme to encourage modal shift to rail freight. No

replacement is being suggested for the freight facilities grant, despite that paper commitment. There is no shift of transport spending to active travel, despite consistent all-party recommendations in budget reports year after year. There is a huge cut to energy efficiency spending, again despite consistent all-party committee recommendations year after year.

There is no clarity at all about the future of higher and further education. The Cabinet Secretary for Education and Lifelong Learning states a principle that I can agree with—that higher education is best funded collectively by the taxpayer and that the burden should not be shifted to the individual—but that commitment is worth nothing if we are not willing to raise the general taxation to pay for what is being cut by London. As others have done, I refer members to the NUS campaign on bursaries, which also asks questions that deserve an answer.

I also refer members to the paper that has been circulated by the Scottish women's budget group. It examines the issue of efficiency savings and gives clear reasons why there is a gender implication to them. It mentions the point, which the Government acknowledges, that women will suffer disproportionate job losses in the public sector as a result of the budget, but it notes that there is no evidence of any action, specifically in the sectors in which growth is a stated policy objective, to retrain and equip women with the skills to move into different sectors of the economy. There is a whole host of arguments for opposing the current budget.

Every political party in the chamber has supported legislative targets on climate change, and every political party in the chamber has at least begun to acknowledge the realities and challenges that will come with peak oil. If we are serious about the commitments that we have made on those issues, it is necessary to re-engineer a huge amount of our built environment, transport system, energy system and economy. That cannot happen without investment.

If we are serious about our commitments on social justice and about the need to create a more equal society and to reverse the trends—recognising that the gap between rich and poor grew wider when the economy was growing and then grew wider again in recession—and if we are serious about wellbeing and quality of life in our society, we must have public investment in many of the urgent priorities.

**Mike Rumbles:** Will the member give way?

**Patrick Harvie:** I am sorry but I do not have time.

There are alternatives. They include not only the proposals from colleagues in organisations such

as the Public and Commercial Services Union on the money that could be saved on the use of consultants, but the suggestions on greener approaches and priorities that we have put forward, including funding investment in the common good instead of continuing a 1960s transport infrastructure programme. Beyond that, there are progressive ways to raise revenue—empowering local government and ensuring that the rich pay more, poorer people pay less and untaxed wealth and business assets are brought into the tax system as well.

We have put forward proposals to achieve that in both the short and long term. The Government disagrees. That is its decision, but if it wishes simply to manage the Tory cuts it cannot expect our support for the budget. More seriously than that, the Government is failing to honour the support that the Scottish people have shown for this Parliament's very existence. We are not here simply to manage a legislative programme; we are here to defend Scotland against a right-wing Tory agenda that Scotland never voted for. The budget fails that test.

16:49

**James Kelly (Glasgow Rutherglen) (Lab):** I welcome the opportunity to take part in this afternoon's stage 1 budget debate.

Looking at how the budget is formatted and the slapdash way in which the future projection figures were dealt with on Monday, there is no doubt that on many fronts the Government has not got out of the starting stalls in tackling the real issues. The Cabinet Secretary for Finance and Sustainable Growth spoke about the importance of promoting economic growth, as he does in every budget speech, but let us take the retail tax as an example. That tax will result in the business rates bill for a supermarket in my constituency that employs 500 people rising by a third, to £1 million, and potentially undermining the security of men's and women's jobs in that supermarket.

Duncan McNeil mentioned the cuts in regeneration in Greenock. Those cuts are not an isolated example. The Clyde gateway, which covers my area of Rutherglen and Cambuslang and the east end of Glasgow, faces cuts of 46 per cent. SNP ministers have backtracked on promises to the Clyde gateway and that is threatening to undermine the 2014 Commonwealth games legacy for Cambuslang and Rutherglen and the surrounding area. In light of the way in which the SNP has tackled the budget, it is little wonder that the relationship with business that Jim Mather worked hard to build up before 2007 has melted away in recent times.

The SNP promotes a safer Scotland, but there is a £40 million black hole in the policing budget. That is not my assertion; it was made by the Association of Chief Police Officers in Scotland. The SNP has made great play of maintaining police officer numbers, but the reality that police authorities face is that, in order to deliver that aim, they have the task of cutting back on support staff. The SNP has failed to deal with the challenge of how to deploy police resources effectively. When the Cabinet Secretary for Justice, Kenny MacAskill, appeared before the Justice Committee, he was not interested in a discussion about how to construct front-line police officer services and set up support staff to back them up. We are used to hearing him say that that is an operational matter.

The reality is that front-line police officers will be taken off the beat to backfill the work of support staff as those staff are taken away from their positions, some through the threat of redundancy. That will mean that police officers will be taken away from crime hotspots and moved back to the filing cabinets in police stations, which will undermine public safety and get a round of applause from Scotland's criminals. That is not a first for the SNP.

As we move towards 1 February and the introduction of a presumption against short-term sentences of three months, concern continues to grow not just about the policy, but about its budgeting aspects. It is not just that under the current legislative plans 6,000 criminals who would go to jail will brandish their SNP get-out-jail-free cards and make their way on to Scotland's streets. Shirley-Anne Somerville spoke about how the budget protects funding programmes for victims of domestic abuse, but she did not speak about the fact that, under the plans, 50 per cent of those who would currently be found guilty of domestic abuse and would go to jail will not do so. Moreover, those plans will require thousands of additional community service orders to be created. The SNP has not provided additional money for that. It has cut the budget for community justice authorities by 1.3 per cent in real terms, which leaves another multimillion-pound black hole in the SNP budget.

When the SNP is challenged on those issues—Kenny MacAskill was challenged on the police officer support staff mix in the Justice Committee, for example—it does not want to engage or interact. It says that that is someone else's problem.

The SNP is falling short in meeting the challenges on many fronts. When communities need investment, the SNP cuts regeneration budgets and when communities need protection,

the SNP cuts police budgets. It is time for the SNP to think again about the budget.

16:55

**Margo MacDonald (Lothians) (Ind):** I am with Patrick Harvie when he says that we are not here to manage Tory cuts and that we must resist them, but what with? Two hands tied behind our backs punching at each other? I am also with Mike Rumbles when he says that Government must compromise and the other parties must compromise, too. The Government could, for example, compromise on the matter that Malcolm Chisholm raised but, as yet, I do not know in what way or in what area the Liberal Democrats are willing to compromise. I asked about that and tried to find out what their feeling is on the provision of universal services. Would they target them? Do they see that as a way of saving money? The Tories have indicated some areas in which they would save money, so they are halfway towards a compromise.

I am well aware that we are asking the nigh-on impossible of the cabinet secretary. There is just not enough money to do what we would all like to be done. However, I ask the cabinet secretary to look again at the real cut of £1.7 million for the poorest students in higher and further education. Ignorant people never ever set in train a programme for growth—educated people do that. I also ask him to take a leaf out of Her Majesty's Government's book and perhaps create an alternative source of revenue by clawing back money from contracts, the terms of which have been overtaken by economic recession. HM Government is currently renegotiating the terms of contracts that were struck with its major suppliers of goods and services. Could the Scottish Government take the same action in relation to the companies whose PPP contracts now appear to be ridiculous in their generosity? Those contracts are generous with public money that is being drawn away from education services and other services that directly impact on Scotland's ability to withstand a double-dip recession.

By the way, I remind everybody that the recession is not driven from Edinburgh, but is instead a result of London-made policy. Could we agree that London has not exactly provided a shining example of economic management?

Is it right that a market has been created in PPP contracts? Companies bundle them up, which greatly enhances the value of their interest in the projects through economies of scale. The PPP contracts are not sacrosanct. They are commercial contracts that are open to renegotiation. If we are all in it together, why do we exclude them? That is a scandal and I urge the minister to see how much could be recouped from that source. This year's



budget alone shows the cost of PFI/PPP payments to be £800 million, some of which goes towards contractual agreements that were struck well before the economic slump. For example, there is a hospital that is costing the health board and the Scottish Government three times its estimated value.

I am not a latecomer to the issue. My election leaflet of 1999, under the heading “RIE ... RIP OFF”, said that I would

“demand that the Scottish Parliament investigate the terms of the PFI deal which hands control of, and profits from, the new Royal Infirmary of Edinburgh to private companies.”

We have waited 10 years and those companies have had a fair shot at it. Why do we not take the bull by the horns? I urge the cabinet secretary to do that.

I should, however, thank the cabinet secretary for being understanding of the special pleas that I made on some constituency interests, such as the ski slope in Midlothian. I know that members would be disappointed if I did not mention that. Another issue is the wonderfully imaginative and ambitious project for watersports in Leith docks. I will tell the cabinet secretary much more about that if he gives me hope this afternoon that there will be some money left in the kitty—it does not need a lot of money at all.

To be fair to the cabinet secretary, he has tried to make the best of a bad job. Gavin Brown was critical of the Scottish loan fund, but I wonder what else the cabinet secretary could have done. I did not hear clearly from Mr Brown what the cabinet secretary could do.

**Gavin Brown:** I am critical of the Scottish loan fund because it was announced almost two years ago and re-announced almost a year ago, but almost nothing has happened.

**Margo MacDonald:** I am half-satisfied with that answer; the member has obviously thought about it. However, in the new era of co-operation—late in the day though it may be—perhaps the issue can be thrown into the pot.

I am quite serious. It does no one in Scotland and no party that is represented in the Parliament any good to denigrate our ability to get ourselves out of the mess that has been made for us. It is foolish to point to small countries and say that, somehow, we cannot do what many of them can. I will not waste my time chastising the people who do that—except Mike Rumbles. I remind him that the “Government Expenditure and Revenue in Scotland” report concluded that in the financial year 2008-09 Scotland had a surplus of £1.3 billion, or 0.9 per cent of GDP, which included a share of oil revenues and of UK support for the banking collapse. The UK, by comparison, had a budget deficit of 3.4 per cent, which included 100

per cent assumption of oil revenues, so we are not all that bad really; we start from a much higher platform than Ireland.

The committee’s report talks about the protection of universal services. The Parliament must address that issue. I agree with Patrick Harvie that there are services that must be protected, but there are some that we must look at again. Someone must bite the bullet on the issue. I urge the Government to take the lead and Labour members to be honest, because they know that perfectly well. Can we leave the matter to Campbell Christie’s commission? Perhaps, but we must give him some feeling of confidence that the Parliament will make a realistic assessment of how national and universal services can be delivered in a new way. The budget does not say much about that; perhaps it should.

17:02

**Tom McCabe (Hamilton South) (Lab):** The draft budget for 2011-12 was always going to be a more difficult and contentious affair than those for previous years. It is presented at a time of unprecedented financial upheaval for the Parliament and precedes a prolonged period of financial constraint, the like of which we have not had to face for at least a generation. As if all that were not bad enough, it also precedes a Scottish election—an event that some unkind people might suggest will be known for more heat than light.

Against that background, the Finance Committee’s report recognises the pressing need for clarity of purpose and reassurance on the rationale for some of the measures that are proposed in the budget. Those issues are not pursued in the report for partisan reasons, but answers will be vital if a direction is to be set that not only protects as much as possible, but sustains critical services in a growing economy.

The evidence that we received on the draft budget’s ability to promote economic growth was not favourable. The Cabinet Secretary for Finance and Sustainable Growth attempted to address at least some of the issues when he spoke, but the fact remains that the balance of opinion was that the budget was more focused on the protection of services than on growing our economy. Few would dispute that that is admirable, but many more would worry about the sustainability of such action, if that is the case. It is in the interests of the Government to address those issues head on, with objectivity and with as much cross-party consensus as possible. It is certainly in the interests of our citizens to have clarity and reassurance on a number of other key areas of the budget.

The cabinet secretary has been open about there being less employment in the public sector over the spending review period. The committee does not believe that it is unreasonable to ask for a more precise figure as a result of the budget. In similar fashion, it is far from unreasonable to seek clarity on the tests that will be applied to confirm the efficiency savings that are such a large part of the assumptions that balance the budget.

The cabinet secretary has set the bar at an unprecedented level for efficiency savings; indeed it is at a level that has not been sustained by any other country that I am aware of. If those efficiencies are to be achieved, a credible test for confirmation is essential to avoid cuts being dressed up as efficiencies.

The Parliament is well aware that the cabinet secretary has received advice on the future and sustainability of a range of universal services. He has made his own judgment on that and he is perfectly entitled to do so. However, the Finance Committee received evidence that expressed concern about the equity between generations and the medium to long-term impact on a declining budget. Maintaining life as we know it will be a considerable challenge during the life of this budget and in subsequent years. Again, the committee believes that it would be a service to clarity and reassurance to hear a more expansive explanation of how that can be achieved.

When he spoke earlier, the Finance Committee convener mentioned the commitment to maintain core further and higher education places. As members in the chamber are only too well aware, a wide variety of courses is available that provide opportunities to many people of varying abilities and interests. It would be reassuring indeed to hear that no misguided elitism will be allowed to deny earnest and committed young people the right to improve their life chances through making subjective choices on what constitute core subjects.

The Finance Committee's report highlighted each of those areas but, as I said, it did not do so for partisan reasons. There is a need for a more expansive explanation of those points, which are critical for the future of the Scottish economy. That explanation is also critical if the cabinet secretary is serious about justifying how the budget will be a contribution to Scotland and not just something that gets us past the next election date.

17:07

**Jeremy Purvis:** Tom McCabe's message is clear and stark. I will touch on one of the points that he raised because it was one of the considerations of the Finance Committee; I also mentioned it in my intervention on the cabinet

secretary's opening remarks and I hope that he will consider expanding on it during his closing remarks.

The Government's figures that look forward to 2014-15 contain only one reference to efficiency savings: the reducing budget for Scottish Government administration, which is assumed to fall by 3 per cent per year, reflecting efficiency savings. However, as the cabinet secretary said during his opening remarks, the budget's forecast figures are predicated on 3 per cent annualised efficiency savings across the public sector in Scotland. As Tom McCabe indicated, that is a fairly radical shift and there must be proper consideration and full scrutiny of it. What is the baseline for that percentage? What are the projected savings? How much of those savings would be expected to be retained by the respective body?

This budget debate has been slightly different from those that we have had in recent years. During previous debates, SNP members would have mentioned at least four separate countries in the amount of time that today's debate has had: a central European one, more than one Scandinavian one, and always Ireland. Robert Brown had the audacity to ask Linda Fabiani a straightforward question about the VAT rate in Ireland and he was attacked for being negative and told not to raise such an issue because it would insult our partners and friends across the Irish Sea. Goodness knows what she thought of the Minister for Enterprise, Energy and Tourism a few weeks ago when he described the Irish Government as incompetent.

When it comes to criticising others, it is hard to beat SNP member after SNP member laying into the evils of large retailers in Scotland. When the SNP runs out of countries for us to emulate, it tries to find bogeymen to blame, and they do not come much bigger in this debate than large retailers. The largest of them all is Tesco, which we were told is so huge, with turnover and profits so colossal, that it should be paying more in Scotland. Of course, Tesco should receive no support from the Government. SNP members said that the large retail levy would rebalance employment between large and small businesses; John Swinney said at the Local Government and Communities Committee meeting today that it would not. They said that the levy would stem the growth of supermarkets; John Swinney said that it would not. They alleged that it would fund the council tax freeze and social workers—Alex Salmond said last week that it would allow 1,000 nurses to be hired—and that it would fund the small business bonus scheme and town centre measures, but John Swinney said in clear terms that it could not and would not do that. Most of all, SNP member upon SNP member argued that

large retailers have the broadest shoulders. I think that the people who have broad shoulders are those in the public service who earn more than £100,000. The numbers of such people and their pay bill have risen in the past year.

**Joe FitzPatrick:** Will Jeremy Purvis take an intervention?

**Jeremy Purvis:** I will do so if I have time, because I will name Joe FitzPatrick shortly.

For all I know, the £30 million that the Government seeks to raise from the levy will fund the £28 million consultants' bonus pot that is to be paid out next year. I remind members that that scheme pays up to £70,000 in annualised bonuses to people who are already the highest paid in the public sector. I do not know whether the £30 million will fund that bonus pot, but the figures are roughly the same.

If large retailers' profits are so huge and if their shoulders are so broad, why on earth does the SNP want to slash the corporation tax that they pay? Tesco paid £840 million in corporation tax at a 28 per cent rate in 2010. The SNP wants that rate to be 20 per cent. I do not know why on earth it wishes to give tax cuts of hundreds of millions of pounds to large retail companies.

If such companies' shoulders are so broad, I am surprised by how much the SNP Government has given Tesco in regional selective assistance grants in the past three years. It was given £1.7 million for Tesco Bank in October 2010. In Joe FitzPatrick's area—Dundee—Tesco was given £1.25 million. The most striking grant was for the Tesco Bank headquarters in Edinburgh in June 2009. Alex Salmond opened the headquarters, which came with a £5 million RSA grant. The money that the large retail levy will raise will probably cancel out the grants that the SNP Government has given Tesco.

The SNP said that we had to make suggestions on the budget, which I did in my opening speech. However, if the SNP does not agree with suggestions, it considers them never to have been made in the first place. Compromise is not a choice that is available when we are asked to take it or leave it. Compromise involves understanding that there are other parties in the Parliament that have suggestions and that organisations across Scotland are concerned.

The Cabinet Secretary for Education and Lifelong Learning was keen to make sedentary interventions in my opening speech to criticise my comment that colleges have a concern, so I have the media statement from Scotland's Colleges on the four-year figures. It says:

"More detail is required to understand fully what these overall figures for recurrent expenditure mean for the college sector. However at first glance—and taking inflation

into account—this would mean that the real terms cut in funding for the college sector continues.

Such a cut could have a potentially disastrous impact on the college sector's ability to continue to deliver high quality further and higher education opportunities for all Scots."

Given that one in 10 in our country is served by the college sector, I expected a bit more from the Cabinet Secretary for Education and Lifelong Learning than dismissing the sector's concerns. That is one area in which compromise is due. If that is provided, we will of course continue to work with the Government to highlight other ways in which the budget needs to be improved.

17:14

**Derek Brownlee:** The debate has rather suffered by its proximity to the Scottish Parliament elections, but there is little that we can do about that.

A wide range of subjects has been discussed. SNP members put about quite a lot of smoke and mirrors on the retail levy. They told us that only 0.1 per cent of businesses would be liable for the levy, but they did not mention that the levy would raise only 0.1 per cent of Government revenue. We were told that the levy is a supermarket tax. Shirley-Anne Somerville, in an attempt to embarrass the Liberal Democrats—that is a dishonourable thing to do—started to regale members with stories about Sainsbury's in Stockbridge. I do not know whether she was referring to the store that is currently in Stockbridge or the site that Sainsbury's was trying to acquire but, in any case, neither store would be subject to the levy. The retail levy is not a supermarket tax, and the points that Charlie Gordon and Malcolm Chisholm made about the premises that would be affected are on the record.

Gavin Brown asked a fundamental question, which has never been satisfactorily resolved. Why did the Government not bring forward a business and regulatory impact assessment to accompany the statutory instrument that would introduce the retail levy? Such assessments were intended to be a major tool in the Government's handling of the burden of regulation on business, and it cannot be credible that a decision on whether an assessment is made lies entirely in the hands of the Government. If a tax on business does not have an impact on business, what does? If the Government has complete discretion about whether to carry out an assessment when such measures are proposed, what comfort can business have that red tape and regulation are properly assessed by the Government? The decision about whether an assessment is made must be taken out of the hands of the Government.

So far, no one from the Government benches has challenged my figures on the surplus of non-domestic rates income for the current financial year. Whether the figures are challenged or not, the broader point is that there should be transparency in the revenue yield figures, as there is in relation to income tax figures at UK level and other taxes. Surely, if the Parliament aspires to have further tax powers, it is only reasonable that members of the Parliament and the public have access to more information about the yield of taxes, rather than leaving it to the discretion of the Government to publish what it wants, when it wants. The Government will not even answer simple parliamentary questions on the subject.

The bigger problem with the retail levy is the message that it sends out about what Scotland is likely to do. It sets the precedent of a Scottish Government not just increasing taxes but moving without warning to do so. That is the wrong signal, because we must encourage investment in Scotland and we must encourage companies to site headquarters here.

**Margo MacDonald:** Does the member recall the heartfelt pleas that various businesses made before the referendum to establish the Scottish Parliament? Whenever someone suggests that the Parliament should have more powers, businesses say that they are going—but they stay.

**Derek Brownlee:** A bigger problem, which I would have thought the member would understand, because she is an advocate of greater fiscal powers, is that the SNP has just given all those businesses a perfect example that might give credence to their arguments. It would have been much better if the SNP had taken the opposite tack and said that it would use powers to make Scotland more competitive.

**Kenneth Gibson:** Aye, by putting up fuel duty.

**Derek Brownlee:** Mr Gibson is concerned about fuel duty. Many SNP members have told us what is wrong with the UK Government's spending and tax decisions, but they have not said what cuts they think would not be too far and too fast. Mr Gibson criticised us for standing in the way of Scotland being in control of its monetary policy, but I understood the SNP's position to be that monetary policy in an independent Scotland would be governed by the Bank of England. I stand to be corrected on that.

The one member who has been consistent in what he has said about the UK Government is Patrick Harvie. I do not agree with him at all, but at least he comes from a consistent philosophical point of view. He described the UK Government's fiscal policy as a fundamental attack on public services. However, all we are doing is going back to 2005-06 levels of spending.

**Patrick Harvie:** Surely the member agrees that, when hospitals and general practitioners' surgeries are run by private companies, a fundamental part of the welfare state will have been attacked. It is not about going back to a previous level of spending; it is much deeper than that.

**Derek Brownlee:** The fundamental point about the welfare state is what services are provided, rather than who provides them. Of course, in Scotland the health service is not being opened up to the private sector. Nothing in the budget seeks to do that.

If we look at the figures in the Government's longer-term projections, we see not a reduction but an increase in resource departmental expenditure limits from 2011-12. Admittedly, that does not take account of inflation, but the Westminster Government has an inflation target of 2 per cent and the Scottish Government has an efficiency savings target of 3 per cent, so surely the pressures must be rather less severe than the Scottish Government suggests.

Some concerns have been raised about capital spending and it is perfectly reasonable to raise them. The Scottish Government has now supplemented capital spending with PPP although, of course, it will not use that terminology. I welcome that change of heart, but PPP should be assessed on its affordability, and value for money should always be key. Margo MacDonald made some important points earlier about the transparency of PPP projects and the terms on which they are negotiated. If the Scottish Futures Trust is tasked with getting more for every pound of capital spend, should it not perhaps be tasked with squeezing the spend further and should there not be a similar mechanism for squeezing more out of revenue spending?

Some other points that are worthy of mention were made. Margo MacDonald said that we should stop denigrating Scotland's ability to recover. We disagree fundamentally on the constitution, but I say to her that the debate about the budget concerns policy choices. If we make the wrong policy choices, we will go in the wrong direction whether we are independent or part of the UK. Nobody doubts that, if Scotland takes the right policy direction, it will recover regardless of constitutional status. That is why constantly harping back to all the benefits of independence as if it were a magic wand that could be waved—as some of the SNP members have done—is fundamentally misleading. We must debate the policy choices that are right and appropriate.

**Margo MacDonald:** Will the member give way?

**The Presiding Officer (Alex Fergusson):** The member must wind up.

**Derek Brownlee:** I will simply make one further point, which concerns the comments that Margo MacDonald made on the UK Government's renegotiation of public spending contracts. It is an excellent suggestion, which I hope the Scottish Government will follow as well.

17:21

**David Whitton (Strathkelvin and Bearsden) (Lab):** As we know, budgets under the SNP Government have a habit of being controversial. Two years ago, the Parliament rejected the budget, as we, the Liberal Democrats and the Greens voted against the spending plans, agreeing that they were inadequate to see Scotland through the economic downturn. Last year's budget scraped through, but Mr Swinney refused to reinstate the Glasgow airport rail link despite that being the will of the Parliament. His decision was opposed by all major business organisations and even managed to unite the Confederation of British Industry and the Scottish Trades Union Congress.

Does the pattern seem familiar? This year, the one-year budget is blatant electioneering. It is not a budget for Scotland but a budget for the SNP.

**Kenneth Gibson:** Where is David Whitton's budget?

**Joe FitzPatrick:** What are his figures?

**Kenneth Gibson:** He should show us his budget.

**The Presiding Officer:** Order. That is quite enough sedentary interventions, thank you.

**David Whitton:** Don't worry, Presiding Officer, they have been at it all afternoon.

The rabbit in the hat is the introduction of a retail tax which, like other Swinney specials, has not been properly thought through. Liz Cameron, the chief executive of Scottish Chambers of Commerce, said:

"We know that Scotland's economic recovery is fragile, and we have seen this week that we cannot take economic growth for granted. Government must use its powers to support new jobs and investment in the private sector rather than piling on more burdens in the form of higher business rates ... It is time for our Parliamentarians to subject these plans to scrutiny and reach a decision that puts Scotland's economy first."

Have any of the budgets over the past few years provided a great boost to our economy? I think not, and I am not alone. Let us examine the evidence.

When the spending review was published in 2007, it—alongside the SNP Government's economic strategy—placed increasing sustainable economic growth at the top of its priorities.

However, the Centre for Public Policy for Regions concluded that, in both documents, there was

"a dearth of sound economic analysis and evidence to underpin policies."

How right it was.

The 2011-12 draft budget reports that the enterprise, energy and tourism programme is

"focused on supporting those sectors that are key to the long-term growth of the Scottish economy".

They are so key that their budgets have been cut by £366 million, or 46 per cent, since 2007.

The housing and regeneration programme—which will continue to support the economy, protect the supply of new homes and, unfortunately, offer ever more excuses for photo opportunities by Alex Neil—has had its budget cut by £221 million, or 36 per cent, since 2007.

The draft budget claims that the SNP has invested more than £7 billion in colleges and universities. However, that represents not additional investment but on-going programmes. The figures in the table on page 209 show that, in reality, spending in that budget line has fallen by £237 million, or 13 per cent, since 2007. The effect of that can be seen in newspaper reports today, which tell us that James Watt College in Greenock is seeking 100 redundancies among teaching staff and support workers. I predict that those will not be the last.

Even the rural economy has suffered under the Salmond-Swinney slump, as the budget for environment and rural services has fallen by £37 million, or 17 per cent.

If economic growth is a priority, why cut the budgets of agencies that were created to improve it? Even Skills Development Scotland, which is the agency that was tasked with growing a skilled workforce, is facing a budget cut of 10 per cent, or £20 million. It is losing 126 staff in its second wave of redundancies.

**Kenneth Gibson:** Mr Whitton keeps talking about all the budgets that have been cut. If he wants money to go back into those budgets, from where would he find the money?

**David Whitton:** Well, we have been here before.

**John Swinney:** We have this every single year.

**David Whitton:** No, it is not every single year. I recall that, in the first year, we made 29 proposals in committee, all of which were voted down by the SNP, so its members should not come to us with any of that nonsense.

As I was saying before I was so rudely interrupted, economic development and the skills agenda have been passed from pillar to post.

Promises have consistently been broken. The savage cuts that were announced last week in the budgets for Clyde gateway and Riverside Inverclyde, as highlighted by Mr Kelly and Mr McNeil, adequately demonstrate that.

Little wonder that the unanimous conclusion of the Economy, Energy and Tourism Committee in response to the question,

“Will the Draft Budget 2011-12 support economic recovery?”

was, as stated at paragraph 190 of the committee’s report to the Finance Committee and as Mr Kerr highlighted, that

“insufficient priority has been given to sustaining the growth of the economy in setting budget priorities.”

At paragraph 191 of its report, the committee states:

“the Committee therefore concludes that this budget is not best geared to promote economic growth.”

That was a unanimous view, supported by the SNP members on the committee, Rob Gibson, Stuart McMillan and Professor Christopher Harvie. That will be why they have been told to keep quiet today—and I cannot see any sign of them in the chamber, although they usually take part in economic debates. [*Interruption.*] I see that Rob Gibson has just arrived.

The SNP’s flagship policy to freeze the council tax also comes in for criticism.

**John Swinney:** This is another great triumph.

**David Whitton:** We will wait and hear whether Mr Swinney’s closing speech is a triumph. His contribution hasnae been so far.

Professor David Bell, the Finance Committee’s budget adviser, did some modelling work on who benefits from the freeze and its impact on sustainable economic growth. He concluded that the differences to household outgoings between freezing council tax or increasing it in line with inflation are relatively small for most households, the main beneficiaries being those on middle incomes. As Shirley-Anne Somerville should note, he stated:

“There is no case that it supports economic growth and its fairness implications are certainly not clear cut.”

Yet, the First Minister wants to consider the policy for the next two years.

There we have it. Any organisation that is tasked with economic development and regeneration in the broadest sense, be it Scottish Enterprise, Skills Development Scotland or VisitScotland, has had its budget cut not just this year but in previous years, and we have a flagship policy that fails the fairness test.

**Keith Brown:** Is David Whitton still struggling to identify one area where he would cut expenditure? Does he support the suggestion by the person sitting behind him, Richard Simpson, that the Labour Party should propose a cut in concessionary travel for pensioners, thus excluding groups of pensioners?

**David Whitton:** I would have started my cuts with the money that was wasted on the national conversation and the proposed referendum bill—together with all the time that civil servants wasted on those measures, which were never going to come through.

For those and other reasons that have been outlined by Mr Kerr, we on this side of the chamber believe that Mr Swinney must think again. There are another 6,415 reasons—that is the number of 18 to 24-year-olds in Scotland who are currently claiming jobseekers allowance.

According to the SNP manifesto, at page 44,

“Prior to independence we will work to reduce dependency by improving educational and economic opportunities, particularly in areas of deprivation.”

Does Mr Swinney not realise that Clyde gateway and Riverside Inverclyde cut through some of the most deprived areas of Scotland? According to the Joseph Rowntree Foundation, in 2010,

“unemployment in Scotland had surpassed that in England, having been markedly lower at the start of the recession.”

The foundation’s report also says:

“During the recession, the proportion of children in low-income households ... went up in Scotland by 2%, whereas it went down in England by 1%.”

The SNP said that it would widen access to higher and further education, but figures from the Higher Education Statistics Agency show that the percentage of pupils from state schools in FE and HE in Scotland is below that in England, and that drop-out rates in Scotland are above those for other parts of the UK.

The SNP also said that it would recognise the key role that colleges play in the economy and their communities, and that it would help them to develop that role as part of a revitalised lifelong learning agenda. That has not happened. The Scottish funding council has announced significant cuts for colleges in 2011-12.

The SNP said that it would work with employers to help them with the practical support that they need to tackle skill shortages, but its record on that is another let-down. The fact that age restrictions remain on many modern apprenticeships means that grants are unavailable for adults.

Let us have a quick look at what was said in one or two other SNP speeches. We heard from Mr

Unpredictable himself, Kenny Gibson, that I had said something on “Newsnight” last Thursday. That would be news to Mrs Whitton, because I was sitting at home beside her at the time. I did, however, share a sofa with Mr Gibson on Sunday.

**Kenneth Gibson:** On a point of clarification—

**David Whitton:** No, you’ve had your chance. You don’t even know what day it is.

**The Presiding Officer:** The member is in his final minute.

**David Whitton:** What I said was that the Labour Government would look to widen the protection of the health budget to include protection of the £400 million that the SNP is taking out of social care.

In previous years, Labour has argued for more investment in modern apprenticeship places and training, although SNP ministers now try to claim the credit for that. We make no apologies for seeking more investment in apprenticeships, training and investment, and no cuts to regeneration. The budget does not support the SNP’s stated purpose of achieving sustainable economic growth. If it is not changed, I fear that we are heading for a repeat of what happened with the budget of two years ago, and the fault for that will lie at the door of the Cabinet Secretary for Finance and Sustainable Growth, John Swinney.

17:32

**John Swinney:** In his speech, the convener of the Finance Committee, Mr Welsh, made it clear that the budget report that we are debating would be the last that he would preside over as convener of the Finance Committee, and the last that he would be involved in as a member of this Parliament. I take the opportunity that I would have taken, if it had been possible for the committee to meet in Angus in December, to pay the warmest tribute to the distinguished political service that he has given to the people of Angus since 1974, and the distinguished way in which he has chaired the Finance Committee during the present parliamentary session, which I think has commanded respect across the political spectrum in Parliament. *[Applause.]*

I will try to address some of the issues that have been raised in the debate. Mr Brownlee made a point about what I presume must be the mid-year estimates for non-domestic rates for 2010-11, which suggest that the Government will raise £2.163 billion in non-domestic rates income. I point out to Mr Brownlee that—as I went through at length with the Local Government and Communities Committee this morning—non-domestic rates are held in a separate part of the Scottish consolidated fund. In some years, that element of the fund is in surplus and in some

years it is in deficit. Since the Parliament’s establishment in 1999, the highest surplus has been £167 million and the greatest deficit has been £104 million. As we entered 2010-11, the deficit on the non-domestic rates account was £34 million. Clearly, that £34 million must be made good in the collection that is undertaken in 2010-11. As I also said to the Local Government and Communities Committee this morning, we will not know the final position on the collection of non-domestic rates in 2010-11 until the financial year is concluded.

As far as the information issue is concerned, I would have thought that Mr Brownlee, as a scholar of much of the information over which I preside, would know that a non-domestic rates account is published by the Government every year and signed off by the relevant accountable officer, who is the director general for economy.

**Derek Brownlee:** I am assuming from that that the cabinet secretary is not denying that, on the most recent available figures, there is still a surplus of £89 million. None of the detail about publishing figures annually after the year end in any way undermines the case for publishing figures more frequently to allow members on all sides to have a better understanding of the pattern of non-domestic rates income collection.

**John Swinney:** The point that I made to Mr Brownlee last Thursday—I am sorry if he felt that I was making it rather cheekily—is that if we publish a mid-year estimate it can acquire the status of a stated amount of money that we have the capacity to raise. It can create a false impression of the health of the non-domestic rates account, because we might end up not managing to raise or collect it in non-domestic rates income. That is why I set out that information carefully on the record.

Jackie Baillie made a point about social care budgets. Expenditure on social work was £2.275 billion in 2007-08; now, in 2011, it is £2.844 billion. I do not recognise the figures that Jackie Baillie used earlier.

**Jackie Baillie:** Is the minister saying that Audit Scotland is wrong?

**John Swinney:** I am saying that the figures that I have in front of me—which I recognise as being the relevant figures—demonstrate an increase in expenditure from £2.275 billion in 2007-08 to £2.844 billion in 2010-11.

Jackie Baillie also attacked the Government’s plans on capital expenditure. I found that to be a bit odd, because the one thing that the coalition Government in the United Kingdom cannot be criticised for is that it has adopted a harsher approach on capital expenditure in 2011-12 than the approach that it inherited. The capital expenditure plans of the Liberal-Conservative

Government in the United Kingdom are based entirely on the predictions and projections of the outgoing Labour Government of which Jackie Baillie was, I suppose, notionally a supporter. The point is clearly made—it is the first of a number that I will make—about the importance of addressing the reality of the budget situation that we face.

Patrick Harvie dealt effectively with Robert Brown's rather petty point. Mr Harvie made a substantial point—one that has been made by the Transport, Infrastructure and Climate Change Committee, in which Mr Gordon has been active—about the freight facilities grant. I am receiving further representations about the freight facilities grant and I am examining and exploring some of the possibilities for our further supporting the work that is undertaken in freight facilities grants.

Mr McCabe, in closing for the Finance Committee, welcomed my admission to the committee that I expected public sector employment to fall over the course of the next spending review. Public sector employment will be smaller as a consequence of the spending review than it is today.

What I found a bit difficult to accept was the criticism by other Labour members of any loss of employment in the public sector. Wherever it was coming from, wherever it was happening and whoever was involved in it, I was criticised for it. The difficult consequences of the current economic climate must be accepted. That "openness"—as Mr McCabe described it—of saying to the committee that there would be public sector employment loss must feature in the debate.

**Tom McCabe:** Although the cabinet secretary was open about the fact that there would be less public sector employment, I asked him to be specific about how much public sector employment would be lost as a consequence of the budget.

**John Swinney:** Mr McCabe will understand, as a former leader of a local authority, that that is an impossible figure for me to calculate, given that it is dependent on the decisions that will be arrived at independently by a range of different corporate bodies around Scotland.

My point to Parliament is that, if I am prepared to go to the Finance Committee and accept that public sector employment will fall over the course of the spending review, there has to be some acceptance that there cannot be perpetual, persistent and unreserved criticism of every occasion on which that happens. Mr Whitton has done it again in relation to Skills Development Scotland, where a voluntary severance scheme is in place. We have had a voluntary severance

scheme in place in the Government to find individuals who wish to leave public sector employment. These are the realities that we are having to face: I would have thought that there would be acceptance of that, rather than criticism of it.

I now come to the substance of what I want to say to Parliament in bringing the debate to a close. Mr Purvis made a point about the importance of compromise being reflected in the approach that is taken by all political parties. I think that I have demonstrated over the past four years that, in all our budget discussions, I am prepared to compromise. In 2008-09, I compromised with the Conservatives, the Greens and Margo MacDonald. In 2009-10, I compromised with the Labour Party on certain issues, when we had the budget that came back to Parliament a second time. Much of the ground that we were on, we had been on before. I compromised with the Conservatives and, in 2010-11, I compromised with the Liberal Democrats on some issues.

There is no novelty about compromise on my part, but if there is no novelty about compromise on my part on some of the budget choices that we face, there must be acceptance of the realities and of the obligations that I have to fulfil, and have fulfilled, in promoting this budget to Parliament today, because it is a balanced budget, which sets out the money that is available to be spent. I know that Patrick Harvie parts company with that view and believes that it should not be the sum total of the money that is available to spend, because he thinks that I should raise revenue from other sources. In forming a judgment on that option, I am not confident that I could command a parliamentary majority on raising additional revenue: I have tried to secure a parliamentary majority on raising additional revenue of £30 million from supermarkets but, so far, my record on that has not been great.

I have set out to Parliament a balanced budget, which involves taking a set of decisions that will reduce public expenditure by £1.3 billion. The test and the obligation on everyone else is that when we participate in discussions about how we address the matter and there are suggestions about where additional spending may be deployed, I also need suggestions about where spending will be reduced.

**Charlie Gordon:** I repeat my point that 28 of the 42 stores in Glasgow city centre that would be affected by the cabinet secretary's proposed tax are not supermarkets. Why does the cabinet secretary persist in calling them supermarkets?

**John Swinney:** I do not think that I will be able to find my earlier reference to my statement to Parliament in November, but the point that I made was that it was a levy on retail premises, which



includes supermarkets and out-of-town settlements. If Mr Gordon chooses to check the *Official Report*, he will find that that is the case.

Let me make the points to Parliament that I have set out a balanced budget and that there is a requirement for us to find other changes if members wish to deliver changes in priorities. So far, in the course of the debate this afternoon, the Labour Party has complained about a lack of money for health, social care, housing, regeneration, apprenticeships, the future jobs fund, education, higher and further education, college bursaries, youth unemployment, police, and community justice. That is a list of its complaints this afternoon

Some of my back-bench colleagues—Joe FitzPatrick, Kenny Gibson and Shirley-Anne Somerville, all of whom delivered spirited speeches that were excellent contributions to the debate—posed the question: where is the money coming from to pay for those measures? I am happy to engage in dialogue and discussion with other parties, but we must be clear: if people wish to spend more money, they need to tell me where they are prepared to take the tough decisions that I have already taken.

**The Minister for Parliamentary Business (Bruce Crawford):** On a point of order, Presiding Officer. In relation to the point of order that Mr Rumbles raised at the beginning of the debate on the budget bill, I would be grateful if you could confirm that standing order 10.4.4 states that, if the lead committee makes a recommendation that nothing further be done under an instrument,

“the Parliamentary Bureau shall, no later than 40 days after the instrument is laid, by motion propose that nothing further is to be done under the instrument.”

The Non-Domestic Rates (Levying) (Scotland) (No 3) Regulations 2010 are subject to annulment by 4 February, as is set out in the *Business Bulletin*. Can you therefore confirm that any debate on the regulations in the chamber will have to take place next week in order to fulfil the requirements of the standing orders?

**The Presiding Officer:** Yes.

## Business Motion

17:46

**The Presiding Officer (Alex Fergusson):** The next item of business is consideration of business motion S3M-7790, in the name of Bruce Crawford, on behalf of the Parliamentary Bureau, which sets out a business programme.

*Motion moved,*

That the Parliament agrees the following programme of business—

Wednesday 2 February 2011

2.30 pm Time for Reflection

*followed by* Parliamentary Bureau Motions

*followed by* Stage 1 Debate: Forced Marriage etc. (Protection and Jurisdiction) (Scotland) Bill

*followed by* Stage 1 Debate: Local Electoral Administration (Scotland) Bill

*followed by* Business Motion

*followed by* Parliamentary Bureau Motions

5.00 pm Decision Time

*followed by* Members' Business

Thursday 3 February 2011

9.15 am Parliamentary Bureau Motions

*followed by* Stage 1 Debate: Double Jeopardy (Scotland) Bill

11.40 am General Question Time

12.00 pm First Minister's Question Time

2.15 pm Themed Question Time  
Education and Lifelong Learning;  
Europe, External Affairs and Culture

2.55 pm Stage 1 Debate: Certification of Death (Scotland) Bill

*followed by* Financial Resolution: Certification of Death (Scotland) Bill

*followed by* Parliamentary Bureau Motions

5.00 pm Decision Time

*followed by* Members' Business

Wednesday 9 February 2011

2.30 pm Time for Reflection

*followed by* Parliamentary Bureau Motions

*followed by* Stage 3 Debate: Budget (Scotland) (No.5) Bill

*followed by* Business Motion

*followed by* Parliamentary Bureau Motions

5.00 pm Decision Time

*followed by* Members' Business

Thursday 10 February 2011

9.15 am Parliamentary Bureau Motions  
*followed by* Scottish Government Business  
 11.40 am General Question Time  
 12.00 pm First Minister's Question Time  
 2.15 pm Themed Question Time  
 Health and Wellbeing  
 2.55 pm Scottish Government Business  
*followed by* Parliamentary Bureau Motions  
 5.00 pm Decision Time  
*followed by* Members' Business—[*Bruce Crawford.*]

*Motion agreed to.*

## Decision Time

17:46

**The Presiding Officer (Alex Fergusson):**

There is just one question to be put as a result of today's business.

The question is, that motion S3M-7771, in the name of John Swinney, on the Budget (Scotland) (No 5) Bill, be agreed to. Are we agreed?

**Members:** No.

**The Presiding Officer:** There will be a division.

**For**

Adam, Brian (Aberdeen North) (SNP)  
 Aitken, Bill (Glasgow) (Con)  
 Allan, Alasdair (Western Isles) (SNP)  
 Brown, Gavin (Lothians) (Con)  
 Brown, Keith (Ochil) (SNP)  
 Brownlee, Derek (South of Scotland) (Con)  
 Campbell, Aileen (South of Scotland) (SNP)  
 Carlaw, Jackson (West of Scotland) (Con)  
 Coffey, Willie (Kilmarnock and Loudoun) (SNP)  
 Constance, Angela (Livingston) (SNP)  
 Crawford, Bruce (Stirling) (SNP)  
 Cunningham, Roseanna (Perth) (SNP)  
 Don, Nigel (North East Scotland) (SNP)  
 Doris, Bob (Glasgow) (SNP)  
 Ewing, Fergus (Inverness East, Nairn and Lochaber) (SNP)  
 Fabiani, Linda (Central Scotland) (SNP)  
 FitzPatrick, Joe (Dundee West) (SNP)  
 Fraser, Murdo (Mid Scotland and Fife) (Con)  
 Gibson, Kenneth (Cunninghame North) (SNP)  
 Gibson, Rob (Highlands and Islands) (SNP)  
 Goldie, Annabel (West of Scotland) (Con)  
 Grahame, Christine (South of Scotland) (SNP)  
 Harvie, Christopher (Mid Scotland and Fife) (SNP)  
 Hepburn, Jamie (Central Scotland) (SNP)  
 Hyslop, Fiona (Lothians) (SNP)  
 Ingram, Adam (South of Scotland) (SNP)  
 Johnstone, Alex (North East Scotland) (Con)  
 Kidd, Bill (Glasgow) (SNP)  
 Lamont, John (Roxburgh and Berwickshire) (Con)  
 Lochhead, Richard (Moray) (SNP)  
 MacAskill, Kenny (Edinburgh East and Musselburgh) (SNP)  
 MacDonald, Margo (Lothians) (Ind)  
 Marwick, Tricia (Central Fife) (SNP)  
 Mather, Jim (Argyll and Bute) (SNP)  
 Matheson, Michael (Falkirk West) (SNP)  
 Maxwell, Stewart (West of Scotland) (SNP)  
 McGrigor, Jamie (Highlands and Islands) (Con)  
 McKee, Ian (Lothians) (SNP)  
 McKelvie, Christina (Central Scotland) (SNP)  
 McLaughlin, Anne (Glasgow) (SNP)  
 McLetchie, David (Edinburgh Pentlands) (Con)  
 McMillan, Stuart (West of Scotland) (SNP)  
 Milne, Nanette (North East Scotland) (Con)  
 Mitchell, Margaret (Central Scotland) (Con)  
 Morgan, Alasdair (South of Scotland) (SNP)  
 Neil, Alex (Central Scotland) (SNP)  
 Paterson, Gil (West of Scotland) (SNP)  
 Robison, Shona (Dundee East) (SNP)  
 Russell, Michael (South of Scotland) (SNP)  
 Salmond, Alex (Gordon) (SNP)  
 Scanlon, Mary (Highlands and Islands) (Con)  
 Scott, John (Ayr) (Con)  
 Smith, Elizabeth (Mid Scotland and Fife) (Con)

Somerville, Shirley-Anne (Lothians) (SNP)  
 Stevenson, Stewart (Banff and Buchan) (SNP)  
 Sturgeon, Nicola (Glasgow Govan) (SNP)  
 Swinney, John (North Tayside) (SNP)  
 Thompson, Dave (Highlands and Islands) (SNP)  
 Welsh, Andrew (Angus) (SNP)  
 White, Sandra (Glasgow) (SNP)  
 Wilson, Bill (West of Scotland) (SNP)  
 Wilson, John (Central Scotland) (SNP)

#### Against

Harper, Robin (Lothians) (Green)  
 Harvie, Patrick (Glasgow) (Green)

#### Abstentions

Alexander, Ms Wendy (Paisley North) (Lab)  
 Baillie, Jackie (Dumbarton) (Lab)  
 Baker, Claire (Mid Scotland and Fife) (Lab)  
 Baker, Richard (North East Scotland) (Lab)  
 Boyack, Sarah (Edinburgh Central) (Lab)  
 Brankin, Rhona (Midlothian) (Lab)  
 Brown, Robert (Glasgow) (LD)  
 Butler, Bill (Glasgow Anniesland) (Lab)  
 Chisholm, Malcolm (Edinburgh North and Leith) (Lab)  
 Craigie, Cathie (Cumbernauld and Kilsyth) (Lab)  
 Curran, Margaret (Glasgow Baillieston) (Lab)  
 Eadie, Helen (Dunfermline East) (Lab)  
 Ferguson, Patricia (Glasgow Maryhill) (Lab)  
 Finnie, Ross (West of Scotland) (LD)  
 Foulkes, George (Lothians) (Lab)  
 Glen, Marlyn (North East Scotland) (Lab)  
 Godman, Trish (West Renfrewshire) (Lab)  
 Gordon, Charlie (Glasgow Cathcart) (Lab)  
 Grant, Rhoda (Highlands and Islands) (Lab)  
 Gray, Iain (East Lothian) (Lab)  
 Henry, Hugh (Paisley South) (Lab)  
 Hume, Jim (South of Scotland) (LD)  
 Jamieson, Cathy (Carrick, Cumnock and Doon Valley) (Lab)  
 Kelly, James (Glasgow Rutherglen) (Lab)  
 Kerr, Andy (East Kilbride) (Lab)  
 Lamont, Johann (Glasgow Pollok) (Lab)  
 Livingstone, Marilyn (Kirkcaldy) (Lab)  
 Macdonald, Lewis (Aberdeen Central) (Lab)  
 Macintosh, Ken (Eastwood) (Lab)  
 Martin, Paul (Glasgow Springburn) (Lab)  
 McAveety, Mr Frank (Glasgow Shettleston) (Lab)  
 McCabe, Tom (Hamilton South) (Lab)  
 McConnell, Jack (Motherwell and Wishaw) (Lab)  
 McInnes, Alison (North East Scotland) (LD)  
 McMahon, Michael (Hamilton North and Bellshill) (Lab)  
 McNeil, Duncan (Greenock and Inverclyde) (Lab)  
 McNeill, Pauline (Glasgow Kelvin) (Lab)  
 McNulty, Des (Clydebank and Milngavie) (Lab)  
 Mulligan, Mary (Linlithgow) (Lab)  
 Munro, John Farquhar (Ross, Skye and Inverness West) (LD)  
 Murray, Elaine (Dumfries) (Lab)  
 O'Donnell, Hugh (Central Scotland) (LD)  
 Oldfather, Irene (Cunninghame South) (Lab)  
 Park, John (Mid Scotland and Fife) (Lab)  
 Peacock, Peter (Highlands and Islands) (Lab)  
 Peattie, Cathy (Falkirk East) (Lab)  
 Purvis, Jeremy (Tweeddale, Ettrick and Lauderdale) (LD)  
 Rumbles, Mike (West Aberdeenshire and Kincardine) (LD)  
 Simpson, Dr Richard (Mid Scotland and Fife) (Lab)  
 Smith, Elaine (Coatbridge and Chryston) (Lab)  
 Smith, Iain (North East Fife) (LD)  
 Smith, Margaret (Edinburgh West) (LD)  
 Stewart, David (Highlands and Islands) (Lab)  
 Tolson, Jim (Dunfermline West) (LD)  
 Whitefield, Karen (Airdrie and Shotts) (Lab)

Whitton, David (Strathkelvin and Bearsden) (Lab)

**The Presiding Officer:** The result of the division is: For 62, Against 2, Abstentions 56.

#### *Motion agreed to,*

That the Parliament agrees to the general principles of the Budget (Scotland) (No.5) Bill and, in doing so, notes the Finance Committee's 2nd Report, 2011 (Session 3): *Report on Scotland's Spending Plans and Draft Budget 2011-12.*

## Point of Order

17:47

**Mike Rumbles (West Aberdeenshire and Kincardine) (LD):** On a point of order, Presiding Officer.

**Members:** Oh!

**The Presiding Officer (Alex Fergusson):** Order.

**Mike Rumbles:** Presiding Officer, I ask you to confirm that what I said in my earlier point of order was absolutely correct—it is up to the Parliamentary Bureau to recommend to the Parliament the timetable for taking a motion. Is that correct?

**The Presiding Officer:** I refer you to the answer that I gave the first time. The matter will be on the agenda for the next bureau meeting and we shall discuss it there.

## Car Sharing (North East Scotland)

**The Deputy Presiding Officer (Alasdair Morgan):** The final item of business today is a members' business debate on motion S3M-7504, in the name of Alison McInnes, on getabout and liftshare. The debate will be concluded without any question being put.

*Motion debated,*

That the Parliament notes that, following the first ever *liftshare* week, membership of the UK-wide car-sharing network has now exceeded 400,000; further notes that car sharing, as well as bringing environmental benefits, can save participants money through shared travelling costs; congratulates *liftshare* on its recent success in the Contribution to the Community category at the Nectar Small Business Awards; considers outstanding the work of Getabout, a partnership between Nestrans, Aberdeen City and Aberdeenshire councils, local universities and other organisations, in promoting better transport choices, including car sharing, in the north east, and believes that encouraging car sharing and other more sustainable transport options can play a key part in helping the transport sector to meet its share of Scotland's climate change reduction targets.

17:49

**Alison McInnes (North East Scotland) (LD):** First, I thank the members from all parties who signed my motion and those who have stayed late tonight to debate it. I am grateful to them all.

How can we keep the daily commute convenient and door-to-door yet also cut costs, congestion and carbon? There is one simple but often overlooked answer—lift sharing. I will use this debate to highlight the benefits of lift sharing. I believe that encouraging car sharing and other more sustainable transport options can play a key part in helping the transport sector to meet its share of Scotland's climate change reduction targets.

We know that the transport sector is one of the big carbon emitters and that more than two thirds of its emissions come from road transport. Although I am glad that there has been steadily growing interest in sustainable transport solutions, I am surprised that one of the simplest and most effective solutions often seems to be overlooked. There is a lack of awareness at the Government level of the role that lift sharing already plays in the mobility mix and its potential to help to overcome many transport issues. It can be especially useful in rural areas, where public transport options are often few and far between.

The Government's recently published draft report on proposals and policies in relation to climate change makes no reference to the promotion of car sharing, yet increasing its take-up

could be one fairly quick and effective solution that is worth pursuing. I have already written to the Minister for Transport and Infrastructure about that omission, and I urge him to establish a clear strategy to determine how lift sharing can be encouraged across Scotland.

The good thing about lift sharing—or car sharing or car pooling, as it is also known—is that it is not just another worthy scheme but one that has an instant effect on people's wallets. With petrol prices rising by the week and, according to the RAC Foundation, the looming threat of the £8 gallon, the time is ripe to raise awareness of the benefits of car sharing.

Car sharing is a fairly instant way for people to cut their fuel costs. If they find three other people, they pay to go to work only once every four days. In my region, where commutes routinely involve a 40-mile round trip, that is quite a saving. Car sharing is an attractive alternative to single-occupant vehicle travel because of its door-to-door directness and convenience. Aside from the financial savings that are to be made, the main benefit of car sharing is that each person in the car—other than the driver, obviously—potentially represents a vehicle trip removed from the road.

Car sharing reduces travel costs. The average person who shares their daily trip saves around £900 a year. It reduces car traffic, congestion and parking issues. It reduces emissions, of course—the average person who shares their daily trip saves around 1 tonne of CO<sub>2</sub> a year. It improves access and reduces exclusion, because for many people there are not always convenient, viable or affordable alternatives to car travel. It also increases social interaction. Interestingly, it improves road safety. Research has shown that people who share cars are 50 per cent less likely to have an accident.

Membership of liftshare, the United Kingdom-wide car-sharing network has now exceeded 400,000, through the operation of 1,346 car-sharing schemes. Liftshare, which is a social enterprise, deserves to be congratulated on that success. Liftshare is the UK's premier car-sharing organisation and it works with the public and private sectors throughout the UK to set up online journey-matching tools and to help employers to market and monitor schemes.

Lift-share schemes can be private, closed schemes for single employers. In my constituency, organisations such as Aberdeen College, Robert Gordon University, the national health service, the councils, and employers such as Subsea 7 and Taqa Bratani all have schemes. They can also be open schemes at a regional or national level. They help people to find fellow travellers for regular journeys or even for one-off trips. They can even help people who do not have cars. Lift sharing

does not need to be the choice for every trip, and people who car share do not need to live near each other. Councils are now encouraging people to use park-and-ride sites to meet up, giving free parking to those who choose to park and share.

I want to highlight an innovative regional scheme in the north-east of Scotland that is partnered with liftshare. The getabout initiative helps people to get from A to B in the Aberdeen city and shire region, which has high levels of commuting and significant congestion. Among other things, that congestion impacts on the effective running of public transport.

At the moment, about 80 per cent of commuter trips in the north-east are single occupant. Realising that that was not sustainable, north east of Scotland transport partnership and its partners set up getabout. The project was developed almost two years ago, and has eight partners across all the large organisations in Aberdeen city and shire. Its aim is to create a better transport network to promote greater choice and sustainable travel. It has developed a common brand under which everyone can run their own events or joint events, and it deals with a range of issues from travel plans to travel awareness activities. Its website is a virtual one-stop shop for information about travel choices, and getabout has taken quite a fun and fresh approach to encouraging people to get about more sustainably. Getabout has also carried out more than 110 events, from business days to road closures during European car-free day.

Recently, getabout has developed an online travel plan building and monitoring tool, which is offered free and allows businesses to write their own travel plans. Another piece of software called iTRACE has been installed to monitor travel plans and provide up-to-date figures on modal shift, carbon reduction and active travel. The information that it gathers will be invaluable in refining and promoting the ideas of the future. Although it is widely used in England, its use is a first for Scotland, and I hope that other regions will be able to follow that lead.

What do we need to do to encourage greater take-up of lift sharing? The Government needs to provide support and leadership, and councils and the private sector should work together to develop or enhance local schemes. We need to keep selling the idea and refreshing the message over the long term.

Concerns about safety and convenience can be easily addressed, and people should be reassured that the service is tried and tested. I would be interested to see a trial of high-occupancy vehicle lanes and the development of more park-and-share sites at strategic locations. Employers can help by earmarking premium parking places for

car sharers and providing other incentives. I know of one company that has offered regular users of lift sharing an extra day's leave per year.

Employers can help to build confidence in their scheme by providing a guaranteed ride home, so that if the driver falls ill, or in the event of an emergency, people can get home. Existing examples show that those guarantees are seldom used and rarely abused, but they can be used to help to persuade potential car sharers.

The transport sector is facing many challenges, but the need to reduce carbon and costs cannot be ignored. Looking forward, the Government has less money to invest in large-scale modal shift projects. These small-scale, softer options are cost effective and quick to implement, and they could play a significant role in bringing about the type of change that we want to see. I hope that others agree.

17:56

**Stewart Stevenson (Banff and Buchan) (SNP):** I congratulate Alison McInnes on bringing the debate to the chamber. I know of her very personal interest in the matter over the long haul, as she was previously chair of the north east of Scotland transport partnership.

I have on my parliamentary desk two mugs with the getabout logo on them, because I attended the launch at Inverurie. It is fair to say that the best car journey is the one you do not make, but it is necessary to make car journeys. Sharing our journeys with others in rural areas is economic and addresses climate issues.

Alison McInnes referred to travel planning, for which there is a range of options. Traveline Scotland is now a well-established part of the landscape; I used it to find out how to get from my rural home in Banffshire to the Burns supper in West Kilbride at which I am speaking on Saturday night. I think that there are seven legs to the journey, but members can imagine the difficulties if I had not had access to automated ways of planning it.

In the old days there were other ways in which we could avoid driving our own cars. As a student in Aberdeen I used to hitch-hike regularly to get home to Cupar at the end of each term. It was not to save the planet, of course—it was mainly to save my wallet. Many of us used to do that, but it is no longer a popular way of doing things as there are real concerns about safety.

A structured approach that gives people the opportunity in a controlled way to join up with others who are making similar journeys is something that we must encourage. Every time we

get two people in a car there is a 50 per cent saving in costs and climate impacts.

Some significant ideas that are relevant include giving priority parking to car sharers. That type of facility would increase the attractiveness of the option and be worth publicising. Car pools organised by employers are another way of ensuring that we make the most of the commute that must be done.

Here in Edinburgh, on the very doorsteps of Parliament, we can see cars from the Edinburgh city car club, which is another part of the package. A Labour councillor with whom I worked in my previous role has given up his car, and was able to attest that he was saving some £3,000 a year and suffering no disadvantage whatsoever. I hope that such schemes will be extended across Scotland in due course, because if we have fewer vehicles on our roads there will be less impact on the infrastructure of our roads, less need to spend money on maintaining them and less need to invest in creating additional capacity. The benefits come at a primary level and at many secondary and tertiary levels as well.

It is important that we look at our successes. Co-operation between Aberdeen city and Aberdeenshire now happens in a range of areas. We should look to that co-operation and ensure that the lessons are more widely learned. On that basis, it is timely that Alison McInnes has introduced the debate—and I will be interested to hear what the minister has to say about the future of such schemes.

18:00

**Marlyn Glen (North East Scotland) (Lab):** I, too, congratulate Alison McInnes on securing this evening's debate and on setting out so clearly the advantages of lift sharing.

We talk about transport a lot in the chamber—and in committee. I think—or at least I hope—that we are all aware of the pressing need to decrease the level of greenhouse gas emissions, especially from the driving of private vehicles. Individuals need to be persuaded out of their cars and encouraged to make more use of public transport. However, that is often quite difficult in more outlying areas when public transport is not easily available—and by that I mean some urban areas as well as outlying rural areas.

People also need to choose more environmentally friendly cars when they choose to drive, but one quick way in which to cut emissions—and save money—is to share cars. I congratulate liftshare and getabout in the north-east on this worthwhile initiative. Such work can be replicated by many employers and groups of employers. Many already have travel plans that

include car-sharing arrangements as well as active travel such as walking and cycling, which are healthy as well as good for the environment. The University of Dundee is one exemplar of such good practice and I spoke about it in our debate on active travel in June.

I must, however, express a concern about safety. There are real concerns about the safety of hitch-hiking, which I do not think any of us would advise people to try nowadays, but there is also a slight concern about the safety of car sharing. It must be done with some caution and it would be wise to follow the safety guidelines for sharing. People can share with people they know, and women can ensure that they share a car with other women. Those things will help to give people confidence when they start out in car sharing.

If people share cars when they give children a lift to school, that might cut the jams that occur in front of some primary schools. Again, however, there would have to be safety measures in place to ensure, for example, that children were strapped in safely when they were not travelling with their parents. Perhaps the minister could comment on the safety aspects of car sharing and take on board the need for car sharing to be included in the RPP, as Alison McInnes suggested.

The traffic Scotland website has local links for car sharing and a calculator for CO<sub>2</sub> emissions. There is a pressing need for a campaign to encourage eco-driving, including reducing speeds to reduce petrol consumption. We should all be aware that changes in driving style can help the planet as well as the pocket, and people can make even more savings if they car share.

Looking at the liftshare website for the north-east, it seems easy to register. Perhaps with a bit more publicity this year there will be an increase from the current 400,000 members by the next liftshare week.

18:04

**Nanette Milne (North East Scotland) (Con):** I, too, congratulate Alison McInnes on securing the debate and acknowledge her work on sustainable travel in the north-east for many years; she was deeply involved with the north east of Scotland transport partnership—Nestrans—as an Aberdeenshire councillor.

Not many people will know this, but on our train journey down from Aberdeen yesterday, Alison McInnes and I were temporarily stranded in Kirkcaldy due to a signal failure. The chamber will be pleased to know that First ScotRail provided an emergency bus link to Edinburgh fairly quickly—and I must say that its customer care was exemplary—but I experienced at first hand the

opportunities that can exist for journey sharing when a fellow passenger from Aberdeen offered to get me more speedily to Edinburgh in a vehicle that he arranged to pick us up. I accepted his offer to ensure that I got to my meeting on time. Such opportunities clearly exist, and in this era of modern technology a perfect real-time link between commuters could become the ideal way forward for reducing car use.

As has been mentioned, liftshare and getabout have already helped individuals to travel more sustainably by sharing their journeys to and from work. The online network has helped to match people with similar journeys so that they can travel more easily together, saving them money as well as helping the environment by cutting their carbon footprints.

As Alison McInnes said, the social enterprise liftshare has gone from strength to strength, and I pay tribute to all those involved in building it up to include more than 400,000 members in a United Kingdom-wide car-sharing network—a great achievement that I hope will grow and grow.

Getabout, which is a partnership that involves eight bodies—Aberdeen City Council and Aberdeenshire Council, the two universities, Aberdeen College, NHS Grampian, the Energy Saving Trust and the Dyce Transportation Management Organisation—has also made significant progress in promoting better transport choices, including car sharing, across the north-east. I am grateful to Alison McInnes for explaining so clearly how it operates.

Liftshare and getabout clearly demonstrate that we can take positive steps to reduce car use by developing local car-share networks. In the north-east, the statistics speak for themselves. At present, 80 per cent of commuting cars have only one occupant. Half of all car trips are less than five miles. When my children were small, groups of parents took part in school runs—each family took one day a week. Now, I see a stream of cars, often four-by-fours, go to my local school with one child per vehicle. That is surely a retrograde step that should be reversed if we really want to ease congestion and combat climate change.

The MSPs in the chamber who represent the north-east will be only too aware of how reducing the number of cars, especially at rush hour, would help to address local transport difficulties, such as the huge tailbacks that we experience at the notorious Haudagain roundabout.

With the current high fuel prices and the impact that they are having, especially in rural areas, on top of other challenges to household budgets, we should be hearing about the promotional material published by getabout—Alison McInnes quoted some of it—which states:

"Car sharing can make a real difference to your fuel bills—find 3 other people and you only pay to go to work every 4 days!"

For those trying to cut down on their journeys, it says:

"if you live to the North or West of Aberdeen meet at Bridge of Don, Ellon or Kingswells park and ride and share from there! Parking is free as well."

I congratulate Alison McInnes on an informative debate. I hope that increased awareness of car-sharing networks will help people to travel more sustainably by sharing their journeys to work and that large employers especially will look at what positive steps can be taken within their businesses to help promote better transport choices, including car sharing, for all their employees.

18:08

**The Minister for Transport and Infrastructure (Keith Brown):** I thank Alison McInnes, not least for achieving one of the aims of her speech, which was to bring the benefits of car sharing to the attention of the chamber and, we hope, a wider audience. I agree that car sharing helps not only to combat climate change but to reduce both congestion, as we heard from Nanette Milne, and the participants' travel costs, as we heard from Stewart Stevenson. In a period of exceptional fuel prices, that can be no bad thing.

The Scottish ministers are supportive of car sharing. It is salient to note that the average car occupancy in Scotland is around 1.6 persons. It is clear that we are not only very attached to our cars but, in many cases, reluctant to share them. It is therefore encouraging that companies such as liftshare and getabout in the north-east of Scotland are enjoying success, and I add my personal congratulations to liftshare for its success in the Nectar Business small business awards in 2010. I hope that both organisations will continue to thrive in the future.

The motion rightly states that

"encouraging car sharing and other more sustainable transport options can play a key part in helping the transport sector to meet its share of Scotland's climate change reduction targets."

Obviously, the question is what we in the Government are doing to bring about the level of behavioural change that will encourage more drivers to leave their cars at home or share them.

Our draft climate change report on proposals and policies, which we have heard about and which the Parliament recently considered, includes three interlinked packages of proposals that, together, will help to ensure that our world-leading climate change targets are met. Those packages are on reducing the need to travel, widening transport choices and driving more efficiently.

The first package, as the name suggests, aims to reduce the amount of travel through, for example, more home and flexi-working provision by employers. We are also exploring how the concept of shared community hubs with modern information and communications technologies might reduce the need to commute. The third package concerns how we can best encourage drivers to take advantage of the 5 to 10 per cent fuel savings that are inherent in improved driving techniques, and the second package—on widening transport choices—includes a variety of measures that range from improved cycling and walking infrastructure to improved public transport provision. It also includes our proposals to encourage the formation of more car clubs and for more intense delivery of travel planning for public and private sector organisations.

Stewart Stevenson mentioned car clubs in relation to Edinburgh. Car clubs and car-sharing schemes have a similar aim. Club members can access cars as and when they need them rather than have the temptation sitting in their driveway every morning. This year, we have made available £200,000 to encourage the formation of car clubs in communities of fewer than 25,000 people. We will look very closely at how support for car clubs can be extended in later years.

Our car-sharing plans are locked up in our travel planning proposals, of course. Travel planning advice to organisations includes free consultancy help to make the best use of, for example, flexi-working, which I have mentioned, teleconferencing, public transport, and cycling and walking to work. During the recent period of severe weather, the question how we can best get up-to-date real-time information to individual drivers about the perils of black ice, for example, was one of the things that occurred to me. We should strive to ensure that we get more up-to-date information through the use of satellite navigation and mobile communications. I have the feeling that that could also help people to know about car-sharing opportunities. More thought about that is required. I am not saying that the matter has been worked through yet, but I think that there is some potential there.

The advice that we currently offer, which is given on our behalf by the Energy Saving Trust, includes guidance on setting up car-sharing schemes. Since 2005, the EST has processed 400 travel plan applications, which cover nearly 1 million staff and visitors. Our choose another way website also includes that guidance, together with case studies of organisations that have successfully implemented car-sharing schemes, including liftshare.

For the future, our ambition is that all workplaces with more than 30 employees will have



an effective travel plan by 2022 in order to bring about substantial reductions in commuter trips in single-occupant cars. We also aim to provide personalised travel planning advice to all households in Scotland by 2022 to bring about reductions in non-work or school escort trips, which several members have mentioned. I should say that I have never taken only one child to school, but that has been easy, as I have three children to take to school. However, the point is well made. In my community, one can see car after car with one driver and one other individual.

The delivery of advice on an unprecedented scale will be required, so we will wish to consider implementation very carefully. We also want to pay close attention to best practice, wherever it exists—whether in liftshare, getabout, the car-sharing schemes that our regional transport partnerships provide, or in our £15 million joint smarter choices, smarter places project with the Convention of Scottish Local Authorities. In that project, car-sharing advice is provided across seven demonstration towns, ranging from Kirkwall in the north to Dumfries in the south. That important demonstration project will finish in March this year, and I look forward very much to hearing of the lessons that it will provide for the future.

*Meeting closed at 18:14.*



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