



The Scottish Parliament
Pàrlamaid na h-Alba

Official Report

MEETING OF THE PARLIAMENT

Wednesday 8 February 2012

Session 4

© Parliamentary copyright. Scottish Parliamentary Corporate Body

Information on the Scottish Parliament's copyright policy can be found on the website - www.scottish.parliament.uk or by contacting Public Information on 0131 348 5000

Wednesday 8 February 2012

CONTENTS

	Col.
TIME FOR REFLECTION	6147
BUDGET (SCOTLAND) BILL: STAGE 3	6149
<i>Motion moved—[John Swinney].</i>	
The Cabinet Secretary for Finance, Employment and Sustainable Growth (John Swinney)	6149
Ken Macintosh (Eastwood) (Lab)	6154
Gavin Brown (Lothian) (Con)	6159
Kenneth Gibson (Cunninghame North) (SNP)	6161
Richard Baker (North East Scotland) (Lab)	6164
John Mason (Glasgow Shettleston) (SNP)	6167
Hugh Henry (Renfrewshire South) (Lab)	6169
Jean Urquhart (Highlands and Islands) (SNP)	6171
Willie Rennie (Mid Scotland and Fife) (LD)	6173
Joe FitzPatrick (Dundee City West) (SNP)	6175
Mary Scanlon (Highlands and Islands) (Con)	6177
Kevin Stewart (Aberdeen Central) (SNP)	6179
Jackie Baillie (Dumbarton) (Lab)	6181
Rob Gibson (Caithness, Sutherland and Ross) (SNP)	6184
Mark McDonald (North East Scotland) (SNP)	6186
Claudia Beamish (South Scotland) (Lab)	6188
Patrick Harvie (Glasgow) (Green)	6190
Chic Brodie (South Scotland) (SNP)	6191
Gavin Brown	6193
Rhoda Grant (Highlands and Islands) (Lab)	6195
John Swinney	6198
BUSINESS MOTION	6202
<i>Motion moved—[Bruce Crawford]—and agreed to.</i>	
DECISION TIME	6204
SPECIAL AREAS OF CONSERVATION (DESIGNATION)	6207
<i>Motion debated—[Jamie McGrigor].</i>	
Jamie McGrigor (Highlands and Islands) (Con)	6207
Dr Alasdair Allan (Na h-Eileanan an Iar) (SNP)	6210
Rhoda Grant (Highlands and Islands) (Lab)	6212
Tavish Scott (Shetland Islands) (LD)	6213
Alison Johnstone (Lothian) (Green)	6215
John Finnie (Highlands and Islands) (SNP)	6217
Claire Baker (Mid Scotland and Fife) (Lab)	6218
The Minister for Environment and Climate Change (Stewart Stevenson)	6219

Scottish Parliament

Wednesday 8 February 2012

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

Time for Reflection

The Presiding Officer (Tricia Marwick): Good afternoon. The first item of business is time for reflection. Our time for reflection leader today is Paul McKeown, who is a Tibetan Buddhist from Inverness.

Paul McKeown (Tibetan Buddhist): Good afternoon, everyone. I could have attempted to discuss 1,200 years of Buddhist history in a few minutes, but having thought about it, that would be almost impossible. I am sure that it would have been painful for all parties concerned. So, today, I would like to talk about one aspect of Buddhist meditation, which is mindfulness.

I am sure that most or all of us have had experiences of mindfulness at some point in our interactions with people in our daily lives. Have you ever been in a place or situation in which all your awareness becomes completely in tune with the present moment? You could be watching a wonderful view, alone or with a special person, or be walking through a park, when suddenly everything becomes alive. You notice the rustling of the leaves on the trees, the cool wind on your face, the chirping of birds, the scent in the air and all those little details that usually go unnoticed in our hectic everyday life.

Perhaps you are participating in a heated debate and you are about to leap or strike in that decisive action when suddenly your mind slows down, the background noise fades away and you are completely focused. If you understand what I am talking about or can relate to it because of some of your experiences, I am sure that you have already had a glimpse of what mindfulness is.

Mindfulness is a state of consciousness in which our awareness is focused or centred on our present moment. The mind becomes calm and we consciously notice our surroundings or our own bodily sensations—for example, the way in which your feet touch the ground as you walk. In most of our waking life, our mind is preoccupied with something that happened to us in the past or is worried about something that might or might not happen in the future.

In our everyday frenetic life, whether we are rushing off to work in the morning, waiting for a train or a bus, visiting constituents, preparing the kids for school, eating breakfast while reading the newspaper or making some notes for the day, we

are constantly not being present in the here and now.

Our mind is sucked into thinking a million thoughts about this morning's meeting, yesterday's clash with the Opposition in the debating chamber, tomorrow's First Minister's questions, tomorrow's birthday party or the bills that are due next week, both domestic and parliamentary. Continuously, the mind is taken over by such thoughts, leaving no time to experience the present. By being hijacked by thoughts about the past or future, the mind becomes absent in the here and now. It can be compared to being on autopilot. In fact, we go through most of our day's routine in this autopilot mode. We rarely find time to slow down and get connected again with the present.

Mindfulness practice is all about being conscious and aware of your present, moment by moment. It is about being connected to the present with your being and not your doing. So, before you debate, think of an answer or accept the challenge of a political position, for a moment breathe, listen to yourself and try to be in the present, the now.

Thank you for listening to yourselves and me, and I hope that you have a peaceful and calm day representing the people of Scotland.

Budget (Scotland) Bill: Stage 3

The Presiding Officer (Tricia Marwick): I am looking forward to a peaceful day. I call John Swinney to speak to and move motion S4M-01960.

14:33

The Cabinet Secretary for Finance, Employment and Sustainable Growth (John Swinney): I think that that represents exactly where I am today, Presiding Officer.

The Budget (Scotland) Bill confirms the spending plans that are set out in the draft budget and underpins the approach that the Government is taking to accelerate economic recovery, support economic growth and improve public services in Scotland. In doing so, we are tackling head on the challenges that are presented by the global economic climate, particularly in the euro zone, and by the course that the United Kingdom Government is taking on public expenditure.

We are taking forward a range of actions, with a particular focus on boosting public sector capital investment; improving access to finance and encouraging new private investment; enhancing economic security to support confidence across the Scottish economy; and taking direct action to tackle unemployment, in particular among young people.

I am committed to building consensus for the measures in the budget. I have listened carefully to the representations that members and others have made since September, and I will set out today how I propose to respond.

I remind members that, in taking forward our approach, we must deal with a landscape in which the United Kingdom Government has made severe cuts to Scotland's budget, including the removal of £6.7 billion in real terms from the capital budget over the four years of the current spending review period.

Gavin Brown (Lothian) (Con): What is the cash-terms cut between 2011-12 and 2012-13?

John Swinney: We have been through that before, and the point that I made to Mr Brown is that we are including the removal of £6.7 billion in real terms from our capital budget over four years. The importance of that point is that it puts into context the decisions that the United Kingdom Government made in November, which have an effect on our budget statement.

We have lost £6.7 billion in real terms, and the UK Government has replaced approximately £137 million in 2011-12 and approximately £450 million for the period from 2012-13 to 2014-15. Those are

welcome additional resources, although they are of course small in comparison with the scale of the cuts that we face this year and in the years ahead.

I will confirm today how I intend to provide additional resources in the Government's budget. First, I am pleased to announce substantial additional funding across our infrastructure and investment programme, including in the key areas of housing, digital infrastructure and transport.

The spending review sets out plans for completing 30,000 affordable homes in the life of the Parliament through a mix of conventional capital investment and other funding models. We are on track to meet our target, but I confirm today that we will provide additional support to the housing sector that is valued at £97 million in total over four years. Most of that will go directly into our programme for subsidising new supply, increasing the number of homes that we can deliver and ensuring that we meet needs throughout the country.

Ken Macintosh (Eastwood) (Lab): Does that mean that the cabinet secretary will meet his target to deliver 6,000 rented homes a year?

John Swinney: As I said, the Government has set out plans to complete 30,000 affordable homes, which is its commitment. That will be delivered through an additional £10 million of funding that we have already confirmed in the current financial year, which will accelerate expenditure on council house building; an additional £45 million for the affordable housing budget over the period 2012-13 to 2014-15, which will support affordable housing supply throughout Scotland; and £42 million to fund loans and equity investment over the spending review period, which will include the expansion of shared equity schemes and the housing infrastructure loan fund.

We have agreed an enhanced role for councils in determining the strategic priorities for affordable housing in their areas, and a strong and continuing role for housing associations in delivering new homes, leveraging in investment and promoting innovation.

The availability of next-generation broadband connectivity is critical to Scotland's economic future. I confirm today additional support that is worth around £68 million over three years, which will support our commitment to delivering world-class, future-proofed infrastructure that will deliver digital connectivity across the whole of Scotland by 2020. We aim to deliver next-generation broadband to between 85 and 90 per cent of premises by 2015, and to put in place measures to ensure that an uplift in service can be delivered to the remainder.

Although our broadband targets apply to all of Scotland, the greatest impact will be felt in those

areas with significant rural populations, as our investment will focus on places where it is uneconomic for the market to deliver without subsidy. A strong partnership approach with local authorities is therefore essential. I have therefore agreed additional funding for digital infrastructure amounting to £28 million for the rural affairs portfolio, and £40 million for local government funding over three years, which will be used primarily to support the roll-out of rural broadband.

A third key driver of growth is the quality of our road network. I confirm today additional funding of £72 million over three years for a number of key roads projects to improve the reliability and safety of the network. Those include the A75 Dunragit bypass, the A737 Dalry bypass and design works for the dualling of the A9. The Cabinet Secretary for Infrastructure and Capital Investment will announce further details in due course.

I also confirm today additional funding for sustainable and active travel worth £13 million over three years. That will focus on cycling and walking infrastructure and the contribution that it can make in supporting modal shift.

Patrick Harvie (Glasgow) (Green): The cabinet secretary has talked about an additional £72 million for road projects and additional money for sustainable and active travel. The Scottish National Party's manifesto commitment was to increase the proportion of the total transport budget that is spent on sustainable and active travel. Given that, so far, the cuts have been deeper in sustainable travel and the increases have been greater in the roads budget, how is that commitment coming along?

John Swinney: Mr Harvie will see in our proposals an increase in support for sustainable and active travel of £13 million over three years. In the course of this week, he will find out from Alex Neil and Keith Brown further details of the allocations that will be made through the third year of the future transport fund. Those allocations will be worth £18.75 million in 2014-15 and will be directed towards supporting modal shift into the bargain.

The infrastructure investment plan highlights the importance of maintaining our social infrastructure. Such action supports employment and strengthens the quality of services. I confirm that £60 million in capital spending will be applied to increase capital allocations to national health service boards to help to meet the demand. The benefits of that investment will be felt by staff and patients, and it will create additional opportunities for small and medium-sized enterprises throughout Scotland in the field of health maintenance and health infrastructure.

I am allocating an additional £54 million in capital funding for local government over three years above and beyond the £40 million that is being allocated for digital infrastructure in rural areas, recognising the vital role that local authorities play in supporting our economy.

I am pleased to announce additional capital funding of £20 million for the Scottish Prison Service, which will be targeted towards the needs of Scotland's female prison population.

Few can have missed the positive impacts of recent developments at the National Museum of Scotland and the Scottish National Portrait Gallery. I confirm today additional capital funding of £5 million over three years for the culture portfolio. Fiona Hyslop will announce further details of the allocations shortly.

Finally, I announce an asset management fund worth £3 million over three years, to be administered by the Scottish Futures Trust and aimed at maximising the value of asset disposals and property rationalisation across the public sector.

Together, those announcements represent additional capital investment of around £380 million over three years, supporting infrastructure development and jobs the length and breadth of Scotland. I will focus the remainder of my comments on revenue spending and two issues of fundamental importance: our approach to business rates, including the public health supplement, and employability.

As a Government, we are committed to matching the rates poundage in England. In December, I said that we would match the 45p poundage rate in England, and I confirm today that the 2012-13 large business supplement rate will also match the English rate of 0.8p.

I will confirm the details of the public health supplement, which will come into force in April 2012 for only the largest retail properties that sell both alcohol and tobacco. Increased preventative spending is key to the sustainability of our public services and the improvement of outcomes. On that point, I believe that Parliament is agreed. I think that it is reasonable, as part of that approach, to boost preventative spending with additional resources where we can. We therefore proposed the introduction of the public health supplement. It is important to put that measure into its wider context. Only 240 retail premises, or 0.1 per cent of all business premises in Scotland, will pay more, with some 63 per cent of Scottish retail premises—well over 30,000 shops—currently paying zero or reduced business rates as part of the most generous relief package in the United Kingdom.

Since we published our proposals, I have held constructive discussions with retailers. I have reflected on the points that they have raised and I confirm today that, within the constraints of delivering a balanced budget, I will reduce the amount that is paid by individual retailers and limit the length of time that the supplement will apply to the next three years. That will have the overall effect that the income generated by the public health supplement will reduce by an estimated £15 million to £95 million over the three-year period to 2015. That reduction will be offset in full by the income that is generated through our matching the English large business supplement.

Finally, I turn to employability. The spending review contains a range of measures to support people into employment, including the skills and training opportunities that we provide and higher and further education initiatives. I have reflected carefully on the position of Scotland's colleges. We are already working with the sector to make necessary reforms, including reforms through the new £15 million college transformation fund. Last week, we allocated an additional £5 million to support employability initiatives through the sector. In recent weeks, we have therefore announced £20 million of new investment in the college sector.

Unlike the UK Government, we are continuing the education maintenance allowance, to help those who need our support the most. We have increased baseline funding for student support by 25 per cent since 2006-07. That record substantially outweighs anything that our predecessors provided and was protected in the spending review.

However, I wish to send a strong additional message of support to Scotland's students. The Government is leading an ambitious programme of reform, but I recognise that reform takes time and that the economic climate continues to pose challenges for our students. I have considered the options for allocating the additional resources that have become available since September and I have listened carefully to the case that Scotland's student community has put to me.

I confirm that, on top of the £20 million of additional funding for the sector that has already been announced, we will repeat in 2012-13 the top-up funding for student support that was provided in 2011-12, which totals an additional £11.4 million. We will provide an additional £8 million in 2012-13 to the Scottish Further and Higher Education Funding Council to help colleges play their part in delivering our opportunities for all commitments. That is £40 million of additional investment, which should leave no one with a shadow of a doubt about the strength of the

Administration's commitment to our colleges and to Scotland's students.

That concludes the announcements that I wish to make today. In deploying the additional resources that are available to me, I must take account of the risks that the current economic climate poses and of some of the dangerous policies that the United Kingdom Government is advancing, not least on welfare reform. I will therefore hold in reserve some revenue consequential—about £20 million in 2012-13—until the picture becomes clearer.

As I have confirmed today, the Scottish Government has delivered a budget for growth. I have outlined how we will build on our original spending plans with the additional resources that are at our disposal. Capital investment is central to our approach. We are expanding our infrastructure programme through the £2.5 billion non-profit-distributing pipeline, by switching resource to capital spending and through a range of innovative financial mechanisms.

We are acting to build economic confidence, working to attract investment and tackling unemployment—youth unemployment in particular—through the opportunities for all initiative, a record 25,000 modern apprenticeships and the maintenance of college places. We are making a decisive shift towards preventative spending, including the three change funds, which are worth more than £500 million.

In considering the additional funding that I have announced, we have listened to views from across the chamber and beyond. We have acted decisively in response, in the interests of our economy, our public services and the people of Scotland.

I move,

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

14:49

Ken Macintosh (Eastwood) (Lab): I wonder whether colleagues across the chamber are as surprised as I am at how little fuss and fanfare the SNP has made about its budget. After all, this could be the defining moment of the Administration, as it is laying out its spending plans for the next three years. However, since the weekend, the normally on-message SNP back benchers have seemed more concerned about whether the First Minister could appear on BBC Scotland to talk about the rugby. That really would have cheered us up.

The Scottish budget might not present the same political spectacle as the equivalent annual announcement at Westminster, but it still provides

the SNP with its biggest opportunity to shape the Scottish economy and to set out not just its vision but what it is doing right here, right now to help Scots through difficult economic times.

The trouble is, I hear the words but I do not see the actions to back them up. The Cabinet Secretary for Finance, Employment and Sustainable Growth talks of a budget for jobs and growth, but there is no sign in this budget of a Government grabbing an economy by the scruff of the neck, no sign of the dynamism that is needed to galvanise the economy and no sign even of a Government taking all possible steps to create jobs and protect employment. In fact, the SNP's main economic argument is more of an excuse. It claims to be helpless to shape the economy, prevent service cuts or stop unemployment rising, because of the cuts that it faces from Westminster and its lack of control over the economic levers of power. Surely the SNP can do better than that. Where are the job creation schemes? Where are the interventions to maintain public sector employment? Where is the innovative use of procurement?

I have said before, and I say it again today, that I am sympathetic to the difficulties and challenges that face the cabinet secretary and I am not trying to lay all the blame at his doorstep. The Scottish, UK and world economies are not doing well. Cuts are tough. We do not agree with the austerity approach of the Conservatives at Westminster, but—and it is a big but—the SNP's supposed lack of control over the levers of power was not an argument that was deployed last year, when plan MacB was apparently such a success. Back then, when our economy was doing better—though only marginally—than that of the rest of the UK, that was because of prudent decisions that were taken by Mr Swinney, using the powers that he had, and within the budget coming from Westminster. This year, when things are not going quite so well, apparently only the normal powers of a normal, separate state will do.

That is not the argument of a can-do Government, or of a party that is intent on seizing the day and stamping its economic imprimatur on the country. It is an evasion of responsibility. It is the argument of a party that is looking for someone else to take the blame—a Scottish Government that is happy to take the credit when things go well, but which takes a low profile and hides behind the Tories at Westminster when times are tough and decisions are testing.

John Mason (Glasgow Shettleston) (SNP): We are three minutes into the member's speech and I do not think that we have heard a positive suggestion of how more jobs could be created.

Ken Macintosh: Actually, the member has already heard some—he clearly was not listening. He will hear more shortly.

What are the main concerns of the people of Scotland? I suggest that they are jobs and the rising cost of living. Two weeks ago, we debated a budget against a backdrop of rising unemployment and falling gross domestic product. Since then, we have had further bad news, including a record number of Scottish firms going bust last year and personal bankruptcies running at almost twice the rate of the rest of the UK.

In our stage 1 debate, I suggested that there is a problem with this budget on two levels. Not only has it failed to address the scale of the economic problems that face us but, even within its limited aims, it still does not do what it set out to do. The cabinet secretary suggests that his focus is on the economy and jobs, but a budget that set out to cut housing by more than 40 per cent and colleges by more than 20 per cent—even with today's welcome but limited backtracking—does not sound like a budget that is designed to get young people back into work or the construction industry moving.

The SNP promised 6,000 homes for social rent. I did not hear the minister confirm that claim again. Not only will the SNP yet again be unable to deliver on its manifesto promise, but it is missing the opportunity to breathe new life into a struggling part of industry.

Services for carers, for vulnerable youngsters and their schools and for old folk are all facing more than double the cut in spending that the Scottish Government is inflicting on the rest of our public services. However, our colleges—the very sector that does most to prepare people for work and improve their skills and qualifications—are the hardest hit.

I am pleased that Mr Swinney has listened to Labour, the other Opposition parties and the 80,000 students who have written in to demand that he thinks again. However, after saying that he will cut the budget by £40 million this year, rising to £74 million in two years' time, it is simply not enough for him to give back £19 million and expect a round of applause, although I notice that he got a round of applause from the sycophants on his back benches, who should be ashamed of themselves. [*Applause.*]

John Swinney: What about the sycophants over there? [*Laughter.*]

The Presiding Officer: Order.

Ken Macintosh: The interesting thing is, some people recognise that people who applaud a cut disguised by smoke and mirrors should be ashamed of themselves. At a time when 200 Scots

a day are losing their jobs, the last thing that the Government should be doing is cutting training places for young people. Scots are losing their jobs not just because of the Tory cuts at Westminster, but because the SNP is failing to put measures in place to stop that happening.

Joe FitzPatrick (Dundee City West) (SNP): Does the member regret voting against the SNP budget that introduced 25,000 modern apprenticeships?

Ken Macintosh: I do not know how many times we have to tell the SNP that Labour pressure is the only reason that it has ever put such things as apprenticeships into its budgets. We all know that. *[Interruption.]*

The Presiding Officer: Order.

Ken Macintosh: Not only that, we voted against that budget because, despite its improvement with the apprenticeships, it got rid of 4,000 teaching jobs and 2,000 nursing jobs. Of course we would not vote for such a budget.

What the Government should do—Mr Mason may wish to listen to this—is intervene more robustly to ensure that our taxes do more to create and maintain employment. However, instead of a future jobs fund, there is the Scottish Government's community jobs scheme. Perhaps that is a nod in the right direction, but it does not seem to have been a runaway success. Local authorities such as Glasgow City Council that have been trying to use their pension funds to secure and create jobs, for example, have been left isolated when they should be being encouraged.

We could be doing much more to use our procurement policies as a way of securing employment, introducing the living wage and reaching other desirable policy objectives. Just this week, the Jimmy Reid Foundation published a report that highlighted the millions of pounds and thousands of jobs that are leaving Scotland as big public sector contracts go to foreign firms. My colleague Michael McMahon has been campaigning tirelessly on behalf of Lanarkshire steel makers, whose interests are being ignored. Some 90 per cent of the steel in the Forth road bridge, which is an iconic feat of Scottish engineering, came from Lanarkshire. I am not sure whether any steel in the new Forth crossing will do so. Even the cement will be shipped in from across the world. That is sustainable transport at its best. I have no doubt that someone on the Government front benches would love to have the opportunity to open the glorious new Forth crossing only to look on its underside and see "Made in China" stamped underneath. Is the SNP's vision for a separate Scotland one in which

we go halfway round the world to try to undercut our own workers' pay and conditions?

What do we have instead? Ministers have fallen back on the old Government standard initiatives.

Mark McDonald (North East Scotland) (SNP): If the Labour Government was so interested in protecting procurement in Scotland, on how many occasions did it procure from outside Scotland?

Ken Macintosh: The thing about where the procurement contracts are currently going, not only for the Forth road bridge, but for the Southern general hospital, is that the SNP seems to have designed them so that Scottish firms cannot get them. *[Interruption.]* I am sorry, but the SNP is the Government of the day. *[Interruption.]*

The Presiding Officer: Order.

Ken Macintosh: Once more, a supposed Government with an absolute majority is failing to take responsibility for its decisions. It is always looking elsewhere, always looking at someone else's record and always looking for someone else to blame. The SNP Government has awarded contracts, and they are not going to Scottish firms.

Another measure that has been introduced and which shows the lack of economic coherence that exists is the public health levy. Its impact on jobs has not been assessed. The SNP says that it wants to introduce a corporate tax culture in Scotland that is friendly to businesses, but a series of new measures in the budget, such as increasing business rates and a special new business rate, will penalise business. The SNP is trying to create the illusion that Scotland can have high levels of public spending, but low levels of taxation—that it can have Scandinavian levels of welfare services, but American levels of taxation. That accusation has been made repeatedly, but I have yet to hear a rebuttal from the SNP front benches. Last year, the finance minister tried to make the claim once more in his attempt to outline the economic argument for a separate Scotland. That is a jam-tomorrow argument rather than grappling with hard decision making now. In fact, it is not an argument; it is an assertion that is collapsing under scrutiny.

Charged with the risks associated with separation, the SNP has found itself clinging to the benefits of union without, of course, the benefits of actually being in a union. The SNP wants to leave the UK but keep the pound; to leave the UK but keep the Bank of England; and to leave the UK but keep the AAA credit rating. At the same time, it wants to keep EU membership, keep the Queen, keep the Army, and keep British passports. It wants to leave the UK but keep everything that the UK gives us as a country.

In the previous Administration, the SNP—

The Presiding Officer: Mr Macintosh, I am afraid that you will have to start winding up. *[Interruption.]* Order.

Ken Macintosh: In the previous Administration, the SNP simply had to prove its competence; now, with an overall majority, people want to see what it will do with the powers at its disposal. This was the SNP's big opportunity; instead, it is its big disappointment.

15:00

Gavin Brown (Lothian) (Con): Every announcement made today about the budget, whether revenue or capital, and every announcement made last week about the spring revision to the 2011-12 budget, was made possible because of Barnett consequential from the UK Government. In an intervention, I asked the cabinet secretary what the difference was in cash terms between the cut in the budget for 2011-12 and the cut in the budget for 2012-13. He rolled his eyes and muttered, "We've been here before," but he did not answer the question. We certainly have been here before, because it was a trick question. As he knows, and as every SNP back bencher in this chamber knows, there is a cash-terms increase of about £250 million.

Chic Brodie (South Scotland) (SNP): Will the member give way?

Gavin Brown: Mr Brodie, do your worst.

Chic Brodie: I am afraid that I might. I have asked Mr Brown this question before. When he commits to personal expenditure, does he pay the bill plus VAT beforehand? He knows that the budget is committed in revenue spend and has nothing to do with later spend in cash terms. If he does not know that, he surprises me, as he is a financial man.

Gavin Brown: When I said, "Do your worst," I did not mean Mr Brodie to take me quite so literally.

Every bit of good news that the cabinet secretary had on the budget—and there was some—was described as three years or four years of good news, because if one adds all the figures together they sound just that little bit bigger. So Mr Swinney told us that an extra £97 million is going into housing over the course of four years, but he did not tell us—it is clearly in the documents—that there is a £113 million cut in a single year, or a £350 million cut over four years. The sum of £97 million over four years does not sound quite so good when one compares it with the real situation over that period.

John Swinney: Mr Brown's last remark rather makes my point. Welcome though the additional resources that we have received from the UK

Government are, that money makes up for only a very small proportion of the slashing of the Scottish budget that his party's Government has presided over.

Gavin Brown: Mr Swinney has fallen into the age-old trap of being wrong. The figures that I gave compared and contrasted the figures for 2011-12 with those for 2012-13, and the cut in the housing budget over one year is £113 million, while the cut in funding for colleges is £40 million.

I will move on to some of the announcements that have shaped the budget debate over the past couple of weeks. I think that the colleges will give a partial welcome to today's announcement, but I do not think that Mike Russell will welcome it, as it makes a bit of a mockery of his argument last week that the settlement was "fair, full and final". According to the Scottish Parliament information centre, the difference between last year and this year is £33 million—in other words, a 6 per cent cut to colleges in a single year. According to Scottish Government figures, the real-terms cut to the budget is 1.3 per cent so, if the Government is prioritising the economy, jobs and growth, as it continually says that it is, how can it make a 6 per cent cut to the colleges budget when youth unemployment is running at more than 100,000 people in Scotland?

John Swinney: What will Gavin Brown cut, then?

Gavin Brown: If Mr Swinney wishes to make an intervention, I invite him to take to his feet.

John Swinney: We look forward to hearing what Mr Brown will cut to make up for the money that he wants to give to colleges. He has one and a half minutes to tell us exactly where his cuts will fall.

Gavin Brown: The cabinet secretary really must do better than that. We all saw the spring budget revisions last week—*[Interruption.]*

The Presiding Officer: Order.

Gavin Brown: If I am allowed to speak, cabinet secretary, I will.

Last week, the cabinet secretary found an additional £8 million to spend on central Government marketing and communications.

John Swinney: No.

Gavin Brown: I will correct that: it was £7.8 million, not £8 million. In addition, the cabinet secretary found an extra £50 million to lend to Scottish Water.

Let us hear a bit less about his not having any options, because those were all political choices by the Scottish National Party. It has taken money out of colleges when youth unemployment is

running at more than 100,000 and has imposed severe cuts in housing when there have been four consecutive quarters of restriction in the construction industry. We also heard about a retail levy that will make Scotland less competitive than the rest of the United Kingdom.

The SNP wants more powers to make Scotland more competitive but, with the powers that it has, it makes us less competitive—without even assessing whether jobs would be lost. For that reason, we will vote against the budget.

15:07

Kenneth Gibson (Cunninghame North) (SNP): I congratulate the cabinet secretary on once again, under exceptionally difficult circumstances, delivering a budget that will deliver jobs, growth and opportunity while protecting the vital front-line services that are essential to the people of Scotland.

Gavin “Crocodile Tears” Brown, who is worried about colleges and housing, will notice that in England—where the Tories are in power—the cut to college budgets is more than 33 per cent and the cut to the housing budget is 60.1 per cent. It is a good job that his party does not have much influence in Scotland.

The cabinet secretary must be commended for his real attempts to achieve consensus on the budget across the parties, despite Rhoda Grant’s comment a fortnight ago that the budget was beyond repair.

Despite a 7 per cent real-terms cut in Scotland’s budget, throughout the budget process we have heard cries from the Opposition for increased spending on education, health, transport, local government, justice, the NHS, ferries and housing, without anyone once identifying where cuts would be made to finance those commitments.

Gavin Brown *rose—*

Kenneth Gibson: I would be happy to let Mr Brown in to answer the question that he failed to answer for Mr Swinney: where would he make the cuts?

Gavin Brown: If I heard the member correctly, he just said that there had been a 7 per cent cut to the budget. Will he explain where he gets that figure from?

Kenneth Gibson: The overall cut in the Scottish budget is 12.3 per cent in resource and 32 per cent in capital.

The Scottish Government has been working extremely hard to ensure that our shrinking budget goes further. Perhaps the most significant example is the commitment to preventative spending. The three change funds to deliver older

people’s services, support early years intervention and reduce reoffending will provide £500 million of investment over the spending review period. They will bring together new and existing expenditure, provide better outcomes and, ultimately, improve Scotland’s quality of life while reducing demand on hard-pressed services.

The budget addresses youth unemployment. Our opportunities for all initiative will ensure that all 16 to 19-year-olds in Scotland who are not already in work, education or training will be offered a learning or training opportunity.

We will fulfil our manifesto commitment to provide 125,000 modern apprenticeships over this session of the Parliament and will provide 14,500 training places this year through the training for work and get ready for work programmes. There will also be an additional 7,000 flexible training opportunities.

We will maintain the number of university and college places at a time when Opposition parties again seek to distance themselves from the Scottish tradition of free education that is based on the ability to learn, not the ability to earn.

I express my delight that the A737 Dalry bypass in my Cunninghame North constituency will be built. That infrastructure project will have a huge economic benefit for North Ayrshire.

Members of the Labour Party will also be delighted. In a recent press release on her website, Margaret McDougall stated:

“People in North Ayrshire want to benefit from an upgraded A737 which will give them a fast and safe route into Glasgow and beyond it would also open up employment opportunities and increase their life chances.

I will certainly be doing everything I can to have the A737 upgraded to benefit the residents of North Ayrshire and I am willing to work with Mr Gibson to that effect.”

I therefore look forward to Ms McDougall supporting the budget.

The Dalry bypass has been a hot topic in North Ayrshire for many years, and North Ayrshire Council, of which Ms McDougall is a member, has long declared it to be the key infrastructure project for opening up towns such as Ardrossan, Saltcoats and Stevenston to inward investment and economic development, and one that is essential in helping to bring jobs to some of the most deprived communities not just in Scotland, but in the UK.

Debate and discussion surrounding a bypass have reached fever pitch in recent years, with a host of Labour MSPs, MPs, councils and council leaders demanding that it be built.

“Labour have made provision for the upgrading of the A737 in their next capital budget but the SNP are spending the money elsewhere.”

That is what Katy Clark said in her 2010 election leaflet. Not to be outdone, in a leaflet for last year's Scottish Parliament election, Labour's Allan Wilson added:

"The SNP have shelved Labour's plans for a Dalry bypass, damaging the prospects for new jobs and investment in the area. A vote for Allan will ensure this project is put back on the agenda."

Despite the fact that in its wish list—sorry, manifesto—Labour listed improvements to the M8, the M73, M74, A82, A1, A9, A77, A75, A95 and A96, as well as the Forth replacement bridge, the Dalry bypass did not warrant a mention. In fact, the Scottish transport appraisal guidance report of 17 March 2006 said that an opening date of late 2015 would be achievable. That was when Labour was in power, which was, of course, before recession struck and we had to face the massive cuts to our capital budget.

I am glad that the project will be progressed. The Dalry bypass will add significantly to the positive impact of the Irvine enterprise zone, on which Labour is hopelessly confused. Following last month's announcement of the Irvine life sciences enterprise zone, David Pulman, president of global manufacturing supply at GlaxoSmithKline, said:

"The announcement of designated Enterprise Areas focused on life sciences demonstrates the commitment of the Scottish Government to support growth in this vibrant and important sector. GSK welcomes the announcement today that Irvine is among these designated areas. As a major employer for almost four decades, this move supports our ongoing operations as well as helping to attract other life science companies to invest."

Margaret McDougall added:

"This is good news for Irvine and will hopefully attract new jobs and new opportunities to North Ayrshire and the surrounding regions. This should also have widespread educational benefits, while boosting the Scientific Economy in North Ayrshire."

Sadly, Margaret's welcome comments were countered by those of her Labour colleague, prospective North Ayrshire Council candidate Allan Wilson, who, on 25 January, said about enterprise zones:

"The worry must be that they won't work now and areas and existing businesses outside the zone lose out on new jobs and investment opportunities."

The ability to spin a positive story into one of doom and misery is a real art, and the former MSP is a master at it.

The Presiding Officer: The member needs to wind up.

Kenneth Gibson: In the same article, he called for the restoration of the Glasgow airport rail link, on which Labour has been strangely silent recently, and funding for the Beith bypass. That will be the Beith bypass that was built in 1933,

which was one of Ramsay MacDonald's more notable achievements.

15:13

Richard Baker (North East Scotland) (Lab):

The budget process has undoubtedly lacked the drama of budgets in the last parliamentary session, although we have had quite a lot of comedy—ludicrous comedy at that—from Mr Gibson. The cabinet secretary could be forgiven for thinking that the absence of stress in his life is a good thing, but that should not lead anyone to doubt just how important the budget and the spending review will be over the next three vital years. I am not sure that Mr Gibson's speech recognised that.

The Scottish Government often talks about the new powers that it wants in order to grow the economy. For me, its case is not persuasive, but what should be beyond doubt is that the most important lever that it has to deal with our economic problems is how it deploys a budget that remains in the order of £30 billion.

A key area in which the Scottish Government can use that budget to stimulate our economy is investment in our infrastructure—in building and construction—about which the cabinet secretary spoke a great deal. On that basis, we supported the switch from revenue to capital, but the problem is that, again and again, those funds, which should mean significant amounts of work going to Scotland-based firms, are going outwith Scotland, overseas. I am pleased to hear about the A737, but Labour members are asking who will build that road. Only recently, the award of the £800 million steel contract for the new Forth crossing went abroad rather than to Scotland-based businesses. That makes a mockery of plan MacB.

The SNP makes great play of standing up for Scotland, but its procurement policy is failing Scottish firms and workers. If the capital spending that it set out today is deployed in the same way as the billions of pounds of contracts that have already been awarded, Scottish firms will continue to lose out on major contracts. That is highly damaging to our economy.

Clare Adamson (Central Scotland) (SNP): Will the member take an intervention?

Richard Baker: Yes.

Clare Adamson: I—

The Deputy Presiding Officer (Elaine Smith): Can we have Clare Adamson's microphone on, please?

Clare Adamson: Does the member acknowledge that, when the principal contract for

the new Forth bridge was awarded, 83.5 per cent of the contracts went to Scottish companies?

Richard Baker: It might have been better to leave her microphone off, Presiding Officer. Some £800 million of steel contracts went to India and China. I do not think that anybody could say that that represents a good deal for Scottish businesses.

Although I am not often in agreement with the economists Jim and Margaret Cuthbert, I note that their report this week made it clear that the Scottish Government is not getting it right on procurement, which is damaging for our economy.

We welcome the move to preventative spending, although we would like more clarity in that area. When the cabinet secretary says that he wants to invest in growth, we can, of course, agree with that sentiment. The problem that we have, as we have outlined repeatedly in debates, is that what is apparently the Government's intention is not matched by the decisions that it has made in the budget.

A fundamental problem with the spending review is that, even with the reduction in the Scottish budget, the cabinet secretary has said again and again that this is a budget to create growth and a budget to protect services. We do not believe that it is either of those things. If the cabinet secretary was genuine about reaching out to other parties in the process, he would have published his proposals for spending the consequentials somewhat earlier than two hours before the debate.

Let us be clear that, when the cabinet secretary suggests a huge cut that will have devastating consequences in a budget area, and then makes that cut somewhat less severe in the hours before a debate, that is not a victory. It still leaves us with a very bad budget. Even after the announcement this afternoon, we are left in a situation in which, far from protecting services from Tory budget cuts, as the SNP said that it would do at the election, the Government is making the cuts worse for councils. The Scottish Government budget has been cut by some 2.7 per cent, but the Scottish ministers have cut council budgets by some 6 per cent, which is more than twice the cut for the Scottish Government.

College budgets are still suffering, even after the cabinet secretary's announcement. The Scottish Further and Higher Education Funding Council's circular outlined a cut of nearly 10 per cent to teaching budgets. For Aberdeen College, in my region, that amounted to a £2.5 million cut, and the huge cut in student activity means that hundreds of full-time places or thousands of part-time places will go. Even with an extra £8 million for the teaching grant, those places will still go.

There will still be a huge and damaging cut to our college sector.

The same applies to our housing budget. The cut is being eased by the consequentials, but we will still be left with cuts of some 30 per cent. That extremely significant reduction in funding is bad news for not only all those thousands of people in Scotland who are waiting for social housing, but our construction sector. Again, the decision runs counter to the Scottish Government's stated aim of prioritising economic growth.

The Cabinet Secretary for Parliamentary Business and Government Strategy (Bruce Crawford): We have heard similar points from Mr Macintosh, from Gavin Brown and now from you, sir. The member has outlined many millions of pounds that he would like us to spend. Will he tell us one area in which he would begin to make reductions to match the spending requirements that he has outlined?

Richard Baker: We want the billions of pounds of capital spending to go to Scottish firms and companies. That is a major change that the Scottish Government could make in the way in which it uses its budget, and it would benefit our economy and have an impact by creating growth.

It would be folly for an Opposition party to support a budget of which the Scottish Government has not facilitated proper scrutiny and in which the sums do not add up. I remain completely unpersuaded that it is sensible to base the budget on a forecast of £850 million of additional revenue from business rates over the spending review period, given that gross domestic product growth is so low. That is just one area in the plans that threatens to lead to a black hole.

The Deputy Presiding Officer: Mr Baker, will you come to a conclusion, please?

Richard Baker: We cannot support a budget that makes cuts in key areas for economic growth and in which the capital spending that is allocated is not directed in the right way to provide the maximum benefit to our economy and Scottish firms.

The cabinet secretary might believe his assertion that, even with reduced funds, he has produced a budget for growth and the protection of services, but it is clear that he has not done so. We cannot accept that the budget will achieve its stated aims, so of course we must oppose it.

The Deputy Presiding Officer: Before I call John Mason, I inform members that this is a tight debate and that speeches cannot go over six minutes.

15:19

John Mason (Glasgow Shettleston) (SNP): It is clear that John Swinney had limited room for manoeuvre in producing the budget. It is disappointing that Labour and, I believe, the other parties have not suggested any amendments. When I was on Glasgow City Council and there were only two or three SNP members, we generally managed to propose amendments to the budget. Of course, that requires a proposal to save money in one place to spend it somewhere else. I wonder why Labour and the Tories can suggest nothing to improve the budget. It seems amazing that they have spent so many months on the issue but come up with absolutely nothing. Are they just scared of providing an alternative cut to go along with their wish lists? That says something about the credibility of the Opposition parties.

The cuts from Westminster have been extremely severe, particularly to capital spending. I welcome the additional funding that has been announced today of £380 million over three years, which is encouraging. We all agree that building houses and other capital projects gives us the infrastructure as well as jobs during the process. Linked to that is the fact that we still have no power to borrow. Borrowing powers would give us a huge boost. Even the proposal in the Scotland Bill would be something, although prudential borrowing would be better, because then we could borrow what we could afford. It is worth noting that, under prudential borrowing, local authorities have been prudent in their borrowing in recent years, whereas Westminster certainly has not.

Jim Hume (South Scotland) (LD): Mr Mason mentions the Scotland Bill and increasing borrowing powers. Does that mean that he supports the Scotland Bill?

John Mason: I was trying to say that the Scotland Bill has flawed powers and that we could do better if we had the same prudential borrowing powers as local authorities have. To give local authorities their due, they have generally been wise in their borrowing in recent years, unlike Westminster under Labour and the coalition.

I welcome the announcement of extra funding for housing—the £45 million that was announced today, the £10 million that was announced last week and the £42 million for loans. I hope that that will be welcomed across the board. Of course, we all want more money to be spent on housing. I have high regard for the Scottish Federation of Housing Associations. Its brief for today's debate rightly makes the case for more affordable housing, which would have advantages relating to energy efficiency and home adaptations, as preventative spend. All that is fine and good, but there is no question but that Keith Brown and his colleagues in Government are committed to

housing. Just yesterday, Keith Brown was in my constituency to visit two new housing projects. I welcome the fact that the Government has listened to the argument from the housing sector and from the other parties.

If the other parties are not satisfied, they need to tell us where the funding is to come from. To give Mr Harvie and his colleague their due, they are fairly open about that and say that they would drop the Forth crossing project and spend the money on other things. That is honest of them. However, we do not have an equivalent from Labour or the Tories. We can perhaps assume that they would drop the Forth crossing to build housing and thus damage a huge part of the Scottish economy.

Liam McArthur (Orkney Islands) (LD): The member might not have been at the stage 1 budget debate, but during it I stressed a number of times that we could not only deploy the consequential arriving from the Westminster Government—which has been done—but restructure Scottish Water as a public trust, which would have released £1.5 billion of additional resources.

John Mason: I am not sure that selling off the assets that we have left in public ownership is the answer. Once we hear a Liberal Democrat speech, we will hear that party's positive suggestions.

The colleges have not done badly at all on capital spending. In my area, John Wheatley College and North Glasgow College have excellent buildings, and the City of Glasgow College is getting about £193 million. The extra money for student support is extremely welcome. Today we heard about an extra £11 million for that.

Some of the other parties have asked for more funding for colleges. My assumption is that they want to take money away from universities to give more to colleges and to deal with that by charging students to go to university. In particular, we have recently had an indication that Labour wants to do that. I cannot agree with that at all. University or college education benefits not just the individual but the whole of society. If Labour is saying that rich families can send their kids to university but poor folk have to make do with college, that is not on. Colleges and universities both have a part to play. People have different gifts and we should not value academic above other, practical gifts. All people, old and young, if they are able, should have the opportunity to choose university or college.

Ken Macintosh: I am delighted to hear Mr Mason's support for colleges as well as universities. Why, therefore, is his Government

cutting the college sector by such a significant amount—£74 million by three years' time?

John Mason: If that £74 million was taken away from the universities, I hate to think what that would do to poor students who are trying to get to university.

It is ironic that while we discuss the housing, transport, universities and colleges budgets we are sending money down to the south-east of England.

The Deputy Presiding Officer: Mr Mason, you must conclude.

John Mason: Why are we subsidising the south-east of England?

15:25

Hugh Henry (Renfrewshire South) (Lab): We have heard a lot about encouraging economic growth and stimulating the economy. Ken Macintosh was right to express concern about the proposed levy on supermarkets and other major retailers, because although I do not disagree with the concept of taxing the people who have resources I cannot understand why the levy is being imposed without a full economic impact assessment being done and without consideration of the potential consequences for poorer communities and low-paid workers throughout the country. If the SNP is serious about encouraging jobs and economic growth, surely it should predicate its decisions on fact and not on assertion and prejudice.

Mark McDonald: In the context of the public health supplement on supermarkets, does Mr Henry accept that he and his colleagues contend that the minimum unit pricing of alcohol would inflate the profits of supermarkets? Either he is in favour of supermarkets making profits or he is not.

Hugh Henry: Those are two separate issues. What I am saying is that I see no reason for not carrying out a full economic impact assessment.

Something that can be seen clearly is the budget's failure to deal with the human impact and cost of the cuts that the SNP is inflicting, which I see regularly in my area. Renfrewshire Council has cut more teachers from its workforce and made more workers redundant, proportionate to the size of the workforce, than any council in the country has done. That is having an impact.

The Minister for Local Government and Planning (Derek Mackay): Will the member take an intervention?

Hugh Henry: I will certainly take an intervention from the ex-leader of Renfrewshire Council.

Derek Mackay: Will the member explain why the Labour Party not only did not put up alternative budgets during my time on Renfrewshire Council but supported the SNP's budget in the council this year, far from trying to undo the so-called damage to which the member referred?

Hugh Henry: If Derek Mackay cared to go back over the records, he would find that in previous years Labour did not support the cuts that he brought forward while he was leader of the council.

The SNP cannot disguise the fact that its cuts are having an effect on how teachers deliver education in our schools. It cannot disguise the fact that our social workers are struggling to cope with the pressures that they face daily. It cannot disguise the fact that the sick, the elderly and the disabled are paying more for their services and that many services are being cut or withdrawn. Those are the human consequences of the budget.

I want to dwell on what is happening in our colleges. The cabinet secretary trumpeted the extra money that he is putting into the colleges budget. What he has done is restore the money for student support that the SNP said that it had not cut, to bring us back to the position at the time of the SNP's pledge before the election, before it indicated that it would cut again. There is no advance on the position that previously pertained.

An extra £8 million is going to colleges, but that still leaves a cut of almost £30 million per year. It still means that jobs are being cut in colleges; that courses and places are under pressure; and that colleges' ability to respond to the economic crisis that we are facing in Scotland will be restricted. If we are serious about giving our young people in the most disadvantaged communities a decent start in life, we have to reverse not just £8 million of cuts, but the full amount of the cuts that this SNP Government is inflicting. We ignore at our peril this generation of young people who are looking for training, jobs and the opportunity to fulfil their potential in life. We need to listen not just to the college principals but to the lecturers who are saying that they are not able to do their job properly and that they are worried and fearful about what will be available to students the length and breadth of Scotland. If this generation is failed in the same way that the generation in the 1980s was failed and if it is unable to reach its full potential, we will pay a higher social and economic price.

This is a budget of despair; it is smoke and mirrors; and it does not face up to the real consequences. It tries to make out that we have somehow gained something from the pressure that has been applied by students across Scotland and by articles such as those in today's *Daily*

Record. In fact, the Government has given very little. It has not reversed the full impact of the cuts that it had previously outlined; it has merely mitigated to a small extent the worst of what it had been proposing. When all is said and done, this is about cuts, cuts, cuts that are being inflicted on our colleges.

15:31

Jean Urquhart (Highlands and Islands) (SNP): This has been an interesting debate. Before I begin reading out what I have written, I have to say that I am curious as to why the Labour and Tory members who have spoken so far have refused to recognise the differences between what is going on south of the border and what is happening in Scotland. Even as the gap gets bigger and bigger, and even as we prioritise in our budget the things that matter to people in Scotland and which have been disregarded by the Westminster Government, still they persist in declaring that we remain part of the United Kingdom. Can they still not see the difference?

This is one of the most difficult tasks that the Parliament has to carry out. We need to acknowledge the differences between urban and rural residents across the country and we need to meet the needs of everyone in Scotland, be they pensioner or newborn, pupil or student, apprentice or entrepreneur, homeless, sick or unemployed.

What message does the budget put out? How can our cabinet secretary satisfy so many growing demands with an ever-decreasing settlement from the UK Government? The Government's fairer, smarter, healthier and wealthier aspirations can all be identified in practical terms in the budget spend and there is nothing that we have talked about or to which we aspire that is not clearly funded.

We are maintaining council tax at the same level; indeed, it is probably the only household expense that has not increased and has given households more money to spend on other things. That is fairer. Meanwhile, the Tory-Liberal Democrat Government—

Hugh Henry: Will the member give way?

Jean Urquhart: No—I do not have time.

The Tory-Liberal Democrat Government increased VAT and added 5 per cent to almost everything. That is unfair. The move hits all development and the cost of council—in fact, all—services. It hits the poorest people hardest and has rendered some small businesses unprofitable and extremely vulnerable. The Labour Party is right to point out that small businesses are closing. It is no wonder; a 5 per cent increase in just about everything they buy—and the subsequent increase in what they have to charge—is about the

hardest thing they face. That has happened not at the hand of the Scottish Government, but at the hand of the UK Tory-Liberal Democrat Government.

Free further and higher education is fairer and smarter: I hope that the 80,000 students who took the time to e-mail us all will be delighted by the cabinet secretary's announcement this afternoon.

We are building the first council houses for more than a generation. The local authority house-building programme has to catch up on 30 years of neglect, so it will be inadequate. Whatever money we have to spend, we are not going to be able to catch up quickly, but I hope that a sustained Scottish National Party Government will catch up, because our ambition is to offer everyone who lives in Scotland a roof over his or her head. The house-building programme can only increase. It is fairer and healthier.

The maintenance of free personal care for the older generation is fairer and healthier, and taxing the largest and most profitable businesses is fairer. Such measures are all relevant and welcome across the nation. Whether people are in the Western Isles or the northern isles, east, west, north or south, the need for housing and older folk being in need of care are nationwide.

College reform is long overdue. As the Opposition parties are clearly lacking in ambition for our students, we need to know and we need the evidence. We do not have any money to waste and there is no place for disaffected young folk when we know that everyone has talent and an ability to develop.

I welcome the preventative spend programme, the robust programme on healthier lifestyles, the programmes to reduce smoking and drinking, and investment in cycle paths. A fitter nation is a healthier nation. We need progressive and positive options on living better, wellbeing and understanding. People need to be taking control of their own health and feeling better for it. The ambition for our country must be statistics that show fewer operations being carried out and no waiting lists for heart operations, not because there are more surgeons and hospitals but because there are fewer operations and we have less need. We are no longer governed to be at the bottom of the pile in European statistics, but to raise our aspirations and be better.

Our history is one of urban and rural poverty with children being already disadvantaged while they were still in the womb. The "Born to Fail" report on people born in the 1950s shows that things have changed little in more than 60 years. No wonder folk want something better.

When the budget is being set and spending commitments are being made, it is time to reflect

and take a look back at whether the investments that have been made have had the desired results. The scrutiny of the results will give us the necessary evidence. The SNP does not need the Opposition parties to pass the budget. The back benchers in this party are completely involved in the programme for development and we can more than do the job.

15:37

Willie Rennie (Mid Scotland and Fife) (LD):

We recognise that times are tough and that the budget settlement from Westminster is providing a difficult challenge for Parliament and the Government. We have to live within our means and Mr Swinney also recognises that there is no point in doing what the previous Labour Administration did in spending huge sums of money that we could not afford to repay, thereby losing the confidence of the credit ratings agencies, and threatening yields and borrowing costs.

The UK Government has delivered an additional £750 million for this spending review period, and we welcome that. Mr Swinney's earlier comments show that he also welcomes it. Obviously we would like it to go much further, but because we have to live within our means, the settlement is reasonable and it should help.

We have had some constructive discussions with Mr Swinney and we welcome his approach to engagement. We have made a number of suggestions for changes to the budget. Not everything is there, but the priorities that the cabinet secretary has set out for the additional money reflect some of the priorities for which we have argued. For example, on colleges—it depends on how one reads the figures—I think that we have gone roughly halfway to the £38 million cut, depending on whether we include the £15 million, the £6 million for youth unemployment and some of the other figures that the cabinet secretary mentioned. It is a step in the right direction within the constraints of the budget settlement. We welcome that; it is quite a major step forward and a significant change from the Cabinet Secretary for Education and Lifelong Learning's rhetoric last week, when he said that the settlement was "full, fair and final". We are pleased that John Swinney prevailed and persuaded the education secretary that his Scottish colleges should get more money. We welcome that step in the right direction; the National Union of Students Scotland and the colleges will also be pleased. We will have to scrutinise the detail to make sure that there are no strings attached that will mean deviation from the colleges' central purpose.

The announcement on housing is also a step in the right direction, although we are deeply concerned that the SNP Government will not be able to reach its target of building 6,000 affordable homes a year—in fact the manifesto talked about social rented homes—especially when 81,000 people throughout Scotland are on housing waiting lists and there are waiting times of more than two years. If we are pulling back from the 6,000 that were promised in the manifesto, we will not eat into those waiting lists, especially given the tough targets on homelessness that we need to meet by the end of year. Nevertheless, within the constraints of the spending review, it is a major step forward, although we would like to see much more on that.

Another area of concern for us is the air discount scheme for the islands. When he was a minister, Tavish Scott delivered the air discount scheme, which benefited charities, businesses and others. However, the SNP has withdrawn its use for work-related travel, which is having a significant impact on businesses. The SNP will say that Europe has imposed restrictions on use of the scheme, but we know that it can be restored to what it was. We hope that Mr Swinney will discuss with us how we can develop the scheme so that it can benefit the islands.

Liam McArthur: Will Willie Rennie take an intervention?

Willie Rennie: Certainly.

Members: Aw.

Liam McArthur: I thank Willie Rennie for taking an intervention—[*Laughter.*] It has come to my attention that unemployed constituents of mine who seek to attend interviews further south are ineligible for the air discount scheme as a result of the changes. Perhaps Willie Rennie might invite the minister to look specifically at those sorts of issues.

Willie Rennie: That is the best intervention that I have ever had. I will let Liam McArthur intervene more often. I hope that the minister listened to what my colleague said. It is a modest scheme—it is not a huge sum of money—but it will make a big difference to people who live in the islands.

The work that the SNP has identified on early intervention is another step in the right direction. It is something that we have argued for. In fact, we would go further. However, I am disappointed that despite our repeated reasonable requests about the £1.5 billion Scottish Water fund, which could make a significant difference in these difficult financial times by boosting the digital economy—some steps have been made towards that—on providing a science nation fund, and on improving the energy efficiency of homes and hard-to-heat

buildings. It would also make a big difference on early intervention.

The SNP has concerns that the Treasury would not give the money back and that it would somehow strip it away. Well, we can help. I know a Danny Alexander and I can have a word with him. We might be able to deliver. If the cabinet secretary is serious about extra investment in Scotland, will he engage in discussion with us to ensure that we make the best use of our resources?

My final comment is on the fossil fuel levy. The SNP argued for years for it to come to Scotland, but we have seen no announcement about how that money would be spent. Given that we have been desperate to get it for so long, it is disappointing that we have not had detailed announcements about it. Perhaps, when he sums up, the cabinet secretary could set out how that money could be used to help us to move forward on renewable energy so that Scotland can play its part in the climate change agenda.

15:43

Joe FitzPatrick (Dundee City West) (SNP):

That is the most positive speech that I have heard from Willie Rennie. The intervention was also constructive. *[Laughter.]* Maybe the other parties should take heed. If the cabinet secretary goes some way towards meeting Willie Rennie's demands, perhaps he should change his speech slightly. However, I totally disagree with Willie Rennie on the mutualisation of Scottish Water. As John Mason said, now is not the time to be selling our assets.

The budget demonstrates that our Scottish Government is working to protect households and businesses from the overzealous cuts agenda that is being imposed on Scotland by the Westminster coalition. However, we are limited in what we can do by the restrictions of devolution. Now is a good time to reflect on the Parliament's existing powers. There was a strong campaign in 1997 against allowing us to sit in this Parliament and make the budget decisions that we are making today. I believe that, at the time, Iain McMillan assured us that devolution would lead to the collapse of business in Scotland and that a certain bra tycoon threatened to leave the country, so not a lot has changed.

What has changed, however, is that as a result of having some—albeit limited—control over our finances, we have been able to ensure a fairer deal for businesses and families across Scotland. Without the Scottish Parliament and Government, people would be having to think twice before picking up their prescriptions, free education would have been consigned to the history books and

Scottish students would be saddled with tens of thousands of pounds of debts. In Dundee, 1,424 small businesses, and tens of thousands across Scotland would not have had their rates removed completely. My constituents in Dundee would be paying an extra £192 this year on their council tax bills. Our NHS would be under threat of privatisation, free personal care would not exist and there would be no educational maintenance allowance.

Those are all things that continue to be supported in this budget by this Government. Our Parliament has served the people of Scotland well, and today not even the Tory party—I hope—would dream of lodging a motion calling for the Scottish budget to be decided by George Osborne rather than John Swinney.

Just as this Parliament's authority to set a devolved budget is no longer challenged, except perhaps by some members of the unelected House of Lords, so it will be the case—when we achieve the full economic powers of independence—that no one will seriously argue for a return to decisions for Scotland being made in London by Westminster politicians. No one, not even the arch-unionist Jackson Carlaw, will come to the chamber and say “Hang on a minute, wouldn't it be better if we just set a budget based on what would be best for middle England rather than what's best for businesses and households across Scotland?”

Jackson Carlaw (West Scotland) (Con):

Would not it be the case that under the SNP's economic plans interest rates would be set for Scotland by the Bank of England and that therefore it would be England and Westminster that would determine SNP economic policy at the SNP's insistence?

Joe FitzPatrick: I am not sure whether Jackson Carlaw agrees with my point or whether he is saying that in an independent Scotland he would come to the chamber and argue that we should set a budget based on what is best for middle England rather than on what is best for households and businesses in Scotland.

It is clear that devolution is not enough and that it cannot protect families from the welfare reform cuts coming from Westminster, and nor can it protect business from lack of investment by the Tory-Lib Dem Government. Our Scottish Government is working hard to counter that lack of investment.

Ken Macintosh: I like to hear what the SNP's plans for separation are. Does Mr FitzPatrick intend to put up taxes to pay to protect us from welfare cuts?

Joe FitzPatrick: I believe that under independence this Parliament would be allowed to

sit here and have a real discussion about all issues, and to decide what is best for the people of Scotland and not be told and dictated to by a Parliament in London that is, largely, unelected by the people of Scotland.

The cabinet secretary has outlined what steps are being taken to keep the Scottish economy moving. I think that all sides in the chamber agree that the construction industry is central to that recovery, so I think that we should all welcome the Government's moves to find new and innovative ways to fund house building. Today's announcement of an extra £42 million for shared equity schemes and additional money for local authorities to help deliver another 30,000 affordable homes by 2016 will play a major part and is to be welcomed.

Ken Macintosh: Does Mr FitzPatrick think that the 30 per cent cut in finance for housing will help the construction industry?

Joe FitzPatrick: I think that what is not helping the construction industry is the cut in Scotland's capital budget that is being imposed on Scotland from Westminster, which was planned by the previous Labour Administration and which Alistair Darling said would be "deeper" and harsher than cuts that were made by Margaret Thatcher.

The budget goes as far as we can, but only the powers of full independence would ensure that Scottish jobs are never again threatened because of Westminster's economic incompetence. The people of Scotland are the people who are best placed to make decisions on how the country is run. I look forward to future budget debates in which we can make decisions with the full range of powers that are vital to supporting communities and providing sustainable economic growth for all Scotland.

15:49

Mary Scanlon (Highlands and Islands) (Con): First, I welcome the £60 million—which I appreciate is over three years—for health board maintenance. However, Audit Scotland recently highlighted that there is a maintenance backlog of £500 million, much of which involves essential work to achieve health and safety compliance, so there is a long way to go.

Secondly, I welcome the additional resources for broadband, particularly as I represent a rural area. I also think that providing £1.2 million to build two roads and carry out the design works for dualling the A9 within one year is a wonderful achievement of economic competence, and I look forward to progress being made on the A9.

However, it is important that we put Scotland's economy in the United Kingdom context.

John Swinney: I warmly welcome Mary Scanlon's remarks about investment in the digital infrastructure and in dualling the A9. How will she feel at 5 o'clock when she accepts the Tory whip and votes against the budget? She will be voting against those measures.

Mary Scanlon: That was the good news—here come the facts. Using £1.2 million for two roads and design works within a year will be a similar achievement to using the loaves and fishes to feed the five thousand.

We should put Scotland's economy in a United Kingdom context. The Bank of Scotland purchasing managers index showed that Scotland had one of the slowest rates of job creation in the United Kingdom regions. At 1.4 per cent for the past two years, economic growth north of the border is half the United Kingdom figure of 2.8 per cent. The growth rate for manufacturing is 2 per cent less than the rate for the rest of the United Kingdom, and exports continue to lag, despite the 23 per cent increase in our whisky exports last year.

Scotland's unemployment rate is also higher than the UK's rate, with no fewer than 88,000 young people aged 18 to 24 currently unemployed. That figure rises to more than 100,000 for 16 to 24-year-olds. Anyone who is looking for reasons to be cheerful need not read the SNP's list of alleged achievements on our economy.

The finance secretary has reduced the cut to further education from £40 million to £33 million, but that is still a huge cut—

Joe FitzPatrick: Will the member take an intervention?

Mary Scanlon: I am almost halfway through, and I have a lot to say.

That is still a huge cut in further education at a time of record high youth unemployment. Scottish Conservatives were right to use our debating time to highlight the cutback to colleges. Although the Cabinet Secretary for Education and Lifelong Learning states that those cuts will not affect higher education, I can say from two decades' experience in lecturing before coming to Parliament that further and higher education are totally integrated in our FE colleges. Any student can start with a national certificate, move on to a higher national certificate and then a higher national diploma: they are still in further education. They can go on to gain a degree at fourth year honours level. The point is that, with a loss of 1,000 lecturers from further education last year even before the cut was announced, colleges will inevitably cut back on courses at all levels, which will reduce the number of students doing degrees.

John Mason: Will Mary Scanlon agree that some students are staying too long at college, and that some universities are not very appreciative of what students are learning at college?

Mary Scanlon: I have no idea what the member is talking about, but any students who can stay long at college would have great difficulty financing themselves. One thing that I do know is that many students study by distance learning and have full-time jobs. If John Mason is criticising the length of time for which students are at college, he should seriously question his judgment.

We had hoped that the Government would think again about the retail levy, which is now a hypothecated tax; it has become the public health supplement. At the very least, as Hugh Henry said, the Government could carry out an economic impact assessment. The Government's response is that such an assessment would be disproportionate, which is laughable given that the cost to business is now £95 million, and that the Seed Potatoes (Fees) (Scotland) Amendment Regulations 2011, which had an impact on business of £91,000, were impact assessed. I wonder about John Swinney's constructive discussions with retailers, which have led to the timescale for the levy being cut to three years. What was the economic rationale for that and why is it being cut by £15 million? Those are serious concerns.

Given the huge success of the town centre regeneration fund in revitalising town centres throughout Scotland, why has the initiative been dropped? Instead of penalising out-of-town retailers, the Government could be using resources to incentivise people to return to our towns for shopping and leisure.

Why does the Scottish Government not intend to publish an efficiency outturn statement for 2011-12, and why are there no explicit targets for efficiency savings in 2012-13?

The Deputy Presiding Officer: I ask the member to conclude.

Mary Scanlon: Finally, I would like some clarity on pensions, given that an additional £21 million has been given to police and fire service pensions in this year.

15:55

Kevin Stewart (Aberdeen Central) (SNP): I declare an interest as a member of Aberdeen City Council. I thank the cabinet secretary for the more than £5 million of additional funding that the council will receive through the budget, which is more than welcome in the granite city.

In the stage 1 debate, I highlighted the fact that although, in November, Labour published a five-

point plan for job creation, four of those points concerned Westminster-retained powers and the only thing that we had power over in this Parliament was capital spend. Labour's plan says that capital spend should be brought forward; therefore, I am disappointed that there have been no congratulations from the Labour Party today to the cabinet secretary on increasing capital spend by another £380 million over the next three years. During Mr Macintosh's speech, which was supposedly about job creation, I noticed that he did not talk much about job creation or the four levers of power in Labour's plan that remain with Westminster. I would be interested in hearing what the Labour Party has to say about such issues if it were truthful and honest about the powers that Mr Swinney and the Scottish Parliament have. I would like us to have all those powers—if we had, we would have seen a very different budget today.

Ken Macintosh: Can the member clarify which powers Mr Swinney used when he was so successful in implementing plan MacB?

Kevin Stewart: One thing John Swinney did, which I have mentioned, was increase capital investment by moving funds from the revenue budget to the capital budget. If he had not done that, we would probably have been in a much worse position than we are in. Nevertheless, the main levers of power still lie with Westminster. I believe that those powers should be here and that we should be making those decisions, so that we could have a real budget for job creation using all the powers that we should have.

I also welcome the additional investment in housing that has been announced today. Aberdeen has benefited since the SNP Government came to power, with new housing in various places including Tillydrone, in my constituency, and current building in Stockethill.

Neil Findlay (Lothian) (Lab): On jobs and housing, the Alliance of Sector Skills Councils is a key organisation for developing skills and providing vocational qualifications. Is Kevin Stewart aware that it has had its funding withdrawn by the Scottish Government? A team of six that focused on Scotland is now based in London and deals with the whole UK instead of focusing on Scotland. Would he say that that is his party standing up for Scotland?

Kevin Stewart: This party, which is standing up for Scotland, is providing capital investment. The budget provides an extra £97 million for housing, £68 million for digital infrastructure, £72 million more for transport, £60 million for NHS boards, £54 million for local government, £20 million for the Scottish Prison Service and for female prisoners in particular, £5 million extra for culture and £3 million to ensure that asset disposal is done properly. What more does Neil Findlay want

at a time when Westminster has cut the block grant to the Parliament by £1.3 billion?

Claudia Beamish (South Scotland) (Lab) rose—

Mary Scanlon: Will the member give way?

Kevin Stewart: No—I am sorry; I have taken enough interventions and I need to finish.

Mr Gibson talked about crocodile tears, of which there have been a lot in the Parliament today. One of the things that really annoy me relates to colleges, which were one of the many priorities of the Conservatives and the Labour Party at stages 1 and 2. We have had some good news today, which I am sure that the NUS and others will welcome. I wish that the Conservatives and Labour would sit back and reflect on what has changed. Mr Rennie did that; I acknowledge that the Liberal Democrats took the time to appreciate what Mr Swinney has done.

Of course, we would not be in the current position if it had not been for the previous Labour Government's excessive spending. Gordon Brown—Mr Prudence—always went round saying, "Look how prudent I am." However, the reality is that the previous Labour Government was probably the most profligate Government in the history of these islands. Now, we all have to suffer the consequences of that profligacy. That is why we have had to deal with the cuts that we have had to deal with.

Drew Smith (Glasgow) (Lab): Will the member take an intervention?

James Kelly (Rutherglen) (Lab): Will the member take an intervention?

Kevin Stewart: I have taken enough interventions.

In this time of adversity, the Cabinet Secretary for Finance, Employment and Sustainable Growth is to be congratulated on his efforts in putting together the budget. I support the motion.

16:01

Jackie Baillie (Dumbarton) (Lab): I welcome the opportunity to contribute to the debate and I, too, welcome the Government's focus on prevention. Very few members would disagree that intervening early and preventing the need for more costly treatment or support later in life are absolutely the right thing to do.

In that spirit, I welcome the change funds. However, our history as a Parliament is littered with change funds, which have not been particularly effective in creating the lasting change that we seek. If we pause and think, £500 million over the spending review period is not 1 per cent

or even one tenth of 1 per cent of the overall spend—it is even less than one hundredth of 1 per cent, so it is extremely marginal. I encourage the Government to put its money where its mouth is and to take a sharper approach. We would support it in doing so.

We have been told the level of spend in the older people's change fund, the early years and early intervention change fund and the reducing reoffending change fund, but we have not—despite numerous parliamentary questions—been told how much is new money and how much is existing money. We know from local authorities that they are expected to contribute, but they do not even know how much. I would welcome enlightenment from the cabinet secretary.

I will take the older people's change fund as an example. The initial report on spending said that only 19 per cent of the fund was going to prevention, which is a damning indictment. A significant underspend is expected this year and the fund is being used to substitute for services that have been cut. I understand that, when local authorities were asked to contribute cash to the pot, there was—needless to say—considerable disquiet because of their tightened budgets, so the Scottish Government watered that down to contributing in kind. There is no new money, which is a shame, particularly if our collective ambition is to achieve and secure change.

I acknowledge that preventative spending is difficult at the best of times, never mind when money is tight, but the timidity and compromise in the Government's approach are disappointing.

Derek Mackay: Will the member reflect on the fact that Graham Allen, a Labour MP from England, came to Scotland to tell us how generous the Scottish Government was in allocating £500 million to the preventative spend agenda, when the equivalent sum in England was £5 million?

Jackie Baillie: It is clear that Graham Allen had not met me first, as I would have exposed the paucity of the Scottish Government's approach. If the Government's ambition is to be compared with a UK coalition Government that does not get prevention at all, that is disappointing.

The average reduction in the local government settlement is 6.1 per cent, as the minister well knows. Let us compare that to the overall reduction in the Scottish Government budget of 2.7 per cent. Some 13,500 people were out of the door last year and another 13,500 are expected to be out of the door this year. I know that the cabinet secretary and his minister will tell us that local government is terribly well off, but even a primary school pupil can work out that local government is taking a bigger hit than the Scottish Government is

experiencing. These are the SNP Government's cuts, not Westminster's.

Joe FitzPatrick: Will the member give way?

Jackie Baillie: No, thank you.

Nowhere is that more evident than in social care: care packages are being cut; preventative services are being cut; and priority frameworks that deal only with acute need are the order of the day—and they were agreed by the Scottish Government. Charges are now being introduced in 32 different ways, with 32 different rates and 32 different sets of criteria. That does not chime with the Government's approach to prevention and it is fundamentally unfair.

We are approaching a perfect storm. As a result of the UK coalition's Welfare Reform Bill, many people, particularly those with disabilities, will lose benefits—the very benefits that are used to pay for social care. Who will pick up the tab for those people who are most in need of support but who no longer have the means to contribute?

That brings me to the wider issues of welfare reform. Until today, there was not one word on the matter in the whole of the SNP's budget document. Now, we have £20 million in consequential. I have to say that that feels like an afterthought. That is from a party that wants control over the benefits system but so far has failed to explain what it will do about community care grants, crisis loans and council tax benefit. All of that is devolved. The Government has responsibility for those matters but it has not even bothered to tell us about what it will do, never mind about the impact on passported benefits such as free school meals or concessionary travel.

On health, despite what the First Minister and the Cabinet Secretary for Health, Wellbeing and Cities Strategy might say, the numbers do not lie. There is a real-terms cut of £319 million in the NHS budget, by the SNP Government. Some 4,000 staff are already out of the door, including more than 2,000 nurses. The Government cannot tell me that that does not have an impact on patient care. NHS staffing is now at its lowest level since the beginning of 2006.

This is not a budget for jobs; it is an SNP budget that is resulting in thousands and thousands of job losses.

The Deputy Presiding Officer (John Scott): You must close, please.

Jackie Baillie: The SNP cannot take money away and then, a few months later, give a little of it back and expect a pat on the back. That just does not wash.

16:08

Rob Gibson (Caithness, Sutherland and Ross) (SNP): Some remarks have been made during this debate that I would like to reply to because some of them have been, at best, misleading and others have been far from the truth.

There was a discussion about the air discount scheme. Unfortunately, the members on the Liberal Democrat benches are not here—

Jackie Baillie: There is one.

Rob Gibson: The members who were speaking are not here. I am referring to that famous intervention that everybody applauded so much.

The air discount scheme is available to individuals, which is wonderful. It means that people can fly from islands and from Wick out of the area and spend money one way or another. However, what we need is a public service obligation, as that allows remote communities to benefit from people coming into the area to spend money as well as allowing people to leave. We have never had a debate about that because although Barra, unlike most other places, has such a scheme, the idea of discussing something that would support our most remote areas through flights that would allow people to get to them for a reasonable price is for a future agenda. The air discount scheme was proposed by the Labour and Liberal Democrats coalition Government as a stop-gap measure because it was not prepared to pay for public service obligations.

The second point that I want to make is about out-of-town developments and regeneration in town centres. As long as people want to shop in large out-of-town supermarkets, there will be little reason for them to go into small towns such as Wick and other places in my constituency. With large regeneration funds, unless there is a rebalancing of the rates so that money from rates from out-of-town developments can be spent in town centres, we will get nowhere, and regeneration will be a fig leaf.

Thirdly, colleges in the Highlands and Islands have something important to offer the rest of the country. The University of the Highlands and Islands colleges are trying to cut out the duplication that happens in regions. Mary Scanlon mentioned distance learning, which is very much part of that approach. We do not have to have the same courses in seven or eight colleges in different geographical areas. The rest of the country must catch up with that approach. Distance learning can save on lecturers—indeed, it has probably already done so—but I would like to see greater savings in administration than there have been so far.

I turn to aspects of the rural affairs, climate change and environment budget. I am delighted that the Rural Affairs, Climate Change and Environment Committee has looked in detail at issues relating to cycling and a modal shift in transport, for which extra spend is included in the budget announced today. Such means of transport are not reaching the levels that we hoped that they would. I believe that more jobs will be created in the process of encouraging cycling and walking in the next three years with the money that has been invested and the modal shift money, which is even greater.

Patrick Harvie (Glasgow) (Green): Just to be clear, I am sure that Rob Gibson understands that the substantial cut in the active and sustainable travel budget—I believe that it is down £9.1 million in the next financial year on the current financial year—has been only partially reversed today by around £4 million. Is Rob Gibson still committed to the SNP's aspiration in its manifesto to increase that budget as a proportion of the transport budget? What proportion will that be? When will it happen?

Rob Gibson: It is obvious to everyone that if we had the levers of power to be able to meet that objective, we would certainly do so. Our aspiration is to do precisely such things. It is not good enough for people to argue, "It's terrible. There are cuts," without saying how they would pay for such things. I am sorry. Of course, the Green approach is to say that the Forth road bridge should be scrapped and that would pay for everything. Our argument is that our approach is healthier and greener.

The remarks that have been made about rural broadband are very helpful. In its submissions on that to the Finance Committee, our committee looked at the need to provide funds for the poorest broadband coverage areas in the country. I was glad to hear the cabinet secretary announcing that there will be specific funds within the £28 million and the £40 million for local authorities to take such approaches. Giving the people who live in the most remote areas a level of service that means that they, too, can take a full part in the life of the country and not feel second class can contribute far more to our economy and make life much more equal for people. That is an SNP aspiration. The announcements on investments in rural broadband are among the most important in the budget document. Many other things will happen, but it is a fact that if we create jobs by investing in capital in those areas, not only will the country be healthier, greener and fairer, but we will see a country that is moving forward.

I welcome the motion and the budget.

16:14

Mark McDonald (North East Scotland) (SNP): Like my colleague Kevin Stewart, I declare an interest as a member of Aberdeen City Council. I join him in welcoming the additional funding that will come to Aberdeen as a result of the 85 per cent floor, and I also welcome the money in the transport uplift, which will deliver money for the much-needed improvements at the Haudagain roundabout in Aberdeen. Those improvements are long awaited and very welcome.

Yesterday was the 200th anniversary of the birth of Charles Dickens, and it is pleasing that the Opposition parties have chosen to pay such a warm tribute to him by arriving in the chamber and saying, "Please, Mr Swinney, we want some more." However, it is not fair for them to hold out the begging bowl to ask for more from the cabinet secretary without giving him a constructive indication of how they would allocate money from other budgets. The simple fact is that, within a fixed budget, if money moves to increase one budget, another budget must be decreased. Coming to this chamber and assuming that they can ask for every budget under the sun to be uplifted while not telling us which budgets would have to be reduced is dishonest.

Ken Macintosh: Will the member give way?

Mark McDonald: No, I would like to make some progress. Mr Macintosh had 11 minutes in which to give us some indication of what Labour members would do, and instead all we got from them was moaning and girning.

Meanwhile, people outside who have engaged constructively with the Scottish Government welcome the improvements. Robin Parker, president of NUS Scotland, says:

"I'm delighted to say that the Scottish Government has delivered to protect opportunities at this difficult time. We fully welcome their decision to reinstate the £11.4m into college bursaries, their commitment to protect places and local access, and we'll work closely with colleges and government to closely monitor the quality colleges are able to offer over the coming year."

On the rest of the budget, Mr Parker goes on to say:

"This Budget provides additional funding to universities, it keeps Scotland free of tuition fees, it protects the EMA, it begins to provide the money needed for a £7000 minimum income for the poorest higher education students and, following today's debate, it now also provides the money we need for the poorest college students. This is all great news."

That is a direct quote from the president of NUS Scotland—[*Interruption.*] Jackie Baillie might want to disagree with the president of NUS Scotland, but I congratulate him and his colleagues, some of whom I met in advance of the budget, on their successful campaign.

Richard Baker was very quick to talk about the situation at Aberdeen College. Well, one of the people I met, along with Kevin Stewart, was Lani Baird, the student president at Aberdeen College, who announced today on Twitter that she will be

“CELEBRATING tonight!!! Well done to everyone involved in #ourfutureourfight WE DID IT!!!”

She told me that she is so happy about the Scottish Government's announcement. People who actually care about students are pleased with what this Government is delivering because they recognise that we care about them, too.

Neil Findlay: If the member is right, the Cabinet Secretary for Education and Lifelong Learning has deliberately misled students over the past few months in saying that they had a fair settlement and that everything was okay. Will the member ask the cabinet secretary to apologise to all those students?

Mark McDonald: That is 10 seconds of my life that I will not see again. I wonder whether Mr Findlay, the class warrior in this Parliament, agrees with his colleague, Hugh Henry, about the public health supplement, given that he is obviously so keenly opposed to big businesses making exorbitant profits. I am sure that he will entirely support us on the public health supplement and the work that will be done in that regard. The Cabinet Secretary for Education and Lifelong Learning clearly stated that he would seek every possible opportunity to support students. He has done that, and the Cabinet Secretary for Finance, Employment and Sustainable Growth has delivered on it. I hope that Mr Findlay will welcome that and will vote tonight for the budget and all the measures that the cabinet secretary has announced.

On capital investment, I particularly welcome the announcement on broadband for rural areas, which will benefit many of the communities in the north-east that I represent. I also welcome the boost for shared equity housing. Many of the people I meet as a councillor and as an MSP are on the housing lists because they cannot afford to make the step towards becoming a first-time buyer, and shared equity schemes will help some of them to access affordable housing. I very much welcome the cabinet secretary's announcement in that regard.

I am not the only person to welcome these announcements, because another person outside this chamber has said of the announcements on infrastructure:

“We welcome the broad tone of the Scottish budget within this context and in particular we welcome the additional funds that the Government have identified for investment in capital infrastructure. This is a sensible use of resources that will bring long term dividends for the Scottish

economy, especially in terms of the investment in broadband connectivity, transport and housing.”

That comes from Liz Cameron, chief executive of the Scottish Chambers of Commerce.

So, the people who speak for student and business organisations are welcoming what we are doing; the only people who seem to have a problem with it are Labour members who propose that they are the mouthpieces of those organisations. On Aberdeen City Council, I am used to Labour Party chicanery on budgets and to its failure to produce an alternative budget at any time. I thought that, perhaps, at a more strategic, national level, we might get a little bit more thought and focus.

I am sure that Jackie Baillie welcomes preventative spending and early intervention but, if she votes against them tonight as part of the budget, that will be a hollow welcome and the cry from Labour will be, “What do we want? Early intervention. When do we want it? Later.”

16:20

Claudia Beamish (South Scotland) (Lab): In his opening remarks in the stage 1 debate on the budget bill, the cabinet secretary spoke about the importance of the low-carbon economy and sustainability. He also spoke of his willingness

“to work constructively with all parties”.—[*Official Report*, 25 January 2012; c 5622.]

Although I welcome the changes that have been made to the budget, there are still many cuts in it. In many areas, the cabinet secretary and the Scottish Government have simply neither listened to expert opinion nor listened enough to dissenting voices in the Parliament.

However, having fought hard with Jim Hume and Patrick Harvie to get the Scottish Government to think again about the 45 per cent cut to the active travel budget, I find it refreshing that the Government has put its hands up and admitted to having made a bad decision. I am only sorry that Mr Swinney is not willing to reverse the cut completely when it is only a small part of the budget.

There will still be a 20 per cent cut in funding next year and a 30 per cent cut over the budget period. The Transport, Infrastructure and Climate Change Committee's report on active travel recommended:

“the decline in the funding of sustainable transport and active travel line needs to be not only reversed, but significantly increased.”

The many groups and constituents who argued the case for a better active travel budget in terms of health, road safety, congestion, greener cities and tackling carbon emissions should be

congratulated. The local job opportunities have also been highlighted. However, there is still a cut in the active travel budget. Therefore, I ask the cabinet secretary to provide in his closing remarks reassurance on how active travel criteria can be integrated into the infrastructure plan, which is big on road building but says little about sustainable means of transport, such as space for walking. I appreciate that there is now £18 million for modal shift, but will that help us to develop travel infrastructure of the sort that is found in Holland, for instance, where cycle lanes and pedestrian opportunities are part of road systems as a matter of course?

The altered announcement on affordable housing is disappointing. The cabinet secretary talked of innovation in that context. Will he reassure me that new-build homes will meet ever more rigorous sustainability standards so that they are not only affordable, but move towards zero-heating standards, such as those demonstrated by Robert Gordon University in Aberdeen? He will know that existing housing is responsible for a staggering 25 per cent of Scotland's emissions and that reductions in those emissions are, therefore, essential if we are ever to meet our emissions targets.

No doubt the cabinet secretary also agrees that energy efficiency has the added benefit of reducing fuel poverty, which shamefully now affects one household in three in Scotland. In evidence to the Economy, Energy and Tourism Committee, Norman Kerr of Energy Action Scotland was clear that the sum required to achieve the Scottish Government's target of eradicating fuel poverty by 2016 is near £100 million per annum. Although the figure for next year has been increased to £65 million, it is not enough.

Investing in domestic energy efficiency by retrofitting homes is a win-win approach. It is one of the most cost-effective and sustainable ways of tackling fuel poverty and creating local jobs while reducing carbon emissions.

I welcome the fact that, on a number of occasions, the cabinet secretary has spoken in the Parliament about the importance of preventative spend. I am sure that he agrees that energy efficiency is a classic example of that approach. However, despite overwhelming evidence from experts, his Government is not investing at sufficient levels to achieve the required returns. The budget continues to fail to address domestic carbon emissions, and it stops short of providing adequate funding to eradicate fuel poverty. I hope that the cabinet secretary will take that point into account in his closing remarks, although he does not appear to be very interested in listening to what I am saying.

Bill Walker (Dunfermline) (SNP): I hear what Claudia Beamish says about wanting more money for certain things and reducing the cuts. I do not like the word "cuts", but sometimes that is what they are. If we are not to implement the cuts that she mentions, will she and her colleagues please tell us which budgets they would cut?

Claudia Beamish: We are discussing the SNP's budget, not ours. It is for the SNP to say how it would deal with the issue. I am talking about very small amounts of money that would help people in fuel poverty. Many groups outside the Parliament, including non-governmental organisations and environmental organisations, are asking for such a commitment. I emphasise that we are still talking about a cut in that area.

The programme monitoring committee that oversees the implementation of the Scotland rural development programme suggests that

"there is a mismatch between budgets and demand."

I highlight that

"papers demonstrate that decisions had already been taken or steps were being discussed in order to manage current demand and future demand for agri-environment options in rural priorities."

The UK Committee on Climate Change has stressed that there was an emissions rise in 2010. The Scottish Government must ensure that climate change targets are a priority across all portfolios, and this budget must surely be the starting point for that.

16:26

Patrick Harvie (Glasgow) (Green): During time for reflection, we were all reminded of the importance of trying to remain calm and peaceful during our debates. Perhaps not all of us have managed to do that during this afternoon's debate, but I must admit that I often fail in that regard, and that has happened again today.

I will follow the same pattern I followed in the stage 1 debate by beginning by identifying some of the areas in which I welcome the Government's position, before moving on to some criticisms. On housing, which I thought was to suffer one of the most serious budget cuts, I welcome the fact that the Government has gone a substantial way towards reversing the cuts, albeit that it is not reversing all of them. I look forward to seeing the detail on that. The devil will be in the detail; we will have to see the detail on the loans and equity schemes to find out exactly what will be delivered through the additional spending in that area.

On colleges, we have heard that the NUS is happy to welcome the reversal of the cuts to student support. Student support is an important issue and one that I raised with the cabinet

secretary. I am glad that there has been a partial reversal in that area, too, and a repeat of the top-up.

However, we must accept that that is against the backdrop of a huge cut to the teaching budget. Although I am pleased with the change that the cabinet secretary has announced, I ask him to acknowledge that the cuts to the teaching budget will do great harm. We should not kid ourselves about the extent to which the college sector will be able to deliver in that context.

On active and sustainable travel, the response of Rob Gibson was breathtaking. Transport is an entirely devolved area of spending, so it is entirely within the Scottish Government's power to decide to implement right now the manifesto commitment that the SNP went to the electorate with, which was that it would

"continue to increase the proportion of transport spending that goes on low-carbon, active and sustainable transport."

That was the commitment, but what do we see? We see a massive increase in the road-building budget and cuts, cuts, cuts to the sustainable and active travel budget. In particular, the active travel budget will go from 1.21 per cent of the transport budget in 2010-11 to 1.03 per cent in 2011-12. In 2012-13, the figure will be 0.84 per cent and in 2013-14 it will be 0.79 per cent. We will see decrease after decrease after decrease in the proportion of the budget that is spent on active travel.

We are moving further away from the SNP's commitment, and not closer to it. I would accept that it might take a few years to reach 3 per cent or 4 per cent, but that is where we ought to be heading instead of moving from 1.2 per cent to 0.79 per cent—we are moving in the wrong direction. It is entirely within the cabinet secretary's power to reverse that right now. I would like him to answer the following question in his closing speech. If he is going to increase the proportion, to what will it be increased, and by when? We will not be fobbed off with a commitment that it might happen at some future date. Year after year, we see budget lines in the area decreasing.

I cannot support the budget on those terms. I look forward to hearing some further information, because transport and housing account for some 40 per cent of carbon emissions and if the Government is serious about fully funding its report on proposals and policies on climate change, it must start to reverse what is happening in those budget lines right now.

16:31

Chic Brodie (South Scotland) (SNP): I support the budget on several bases. First, it secures the

good husbandry of the nation's account for the fifth year running—a view that we know would be shared by Labour's former finance minister Andy Kerr. Its production has been a difficult job in difficult circumstances.

Secondly, it accepts the challenges of the consequences of a nonsensical hand-me-down reduced fund allocation from a UK Government that not only wavers in the face of international economic fragility but adds to the uncertainty, not just through its economic policies but through its social policies at home, such as on the NHS in England and on welfare reform.

Thirdly, it promotes investment before consumption.

Fourthly, it follows the Scottish Government's economic strategy to secure not just sustainable economic growth, in the right circumstances, but the strategy's aims on public sector reform, the low carbon economy, investment to save future costs, and reducing the income gap.

Fifthly, it continues to create the culture change—which is readily being grasped—that is increasingly making our workforce and communities more adaptable and flexible, and making them seekers of more efficiency.

Without being dogmatic, I believe that it is not just the instinct but, as we have heard today, the proven will of the Government to listen to and agree with the arguments of others where properly allocated revised expenditure will contribute to the factors that I have mentioned. On that basis, constructive proposals, budget impacts and social returns should be considered in any promotion of flexibility in the budget and expenditure going forward. Will we always agree? Of course not, but that makes it even more pressing for proposed budget revisions to be cogently put, rather than members' opposing the budget for opposition's sake.

Together, we have to work on and galvanise support for financially sound job and wealth creation, and then secure the fair distribution of that wealth as our nation goes forward independently. Of course, there are people with different priorities who rightly voice their concerns, but I believe that the fundamentals of the budget and spending are understood and that the imposed constraints on budget allocation—which are reflected in small growth, no growth or, indeed, limited growth in areas of concern—do not limit people's ambitions to achieve their targets and goals.

For example, Scottish Development International continues to confound not just the rest of the UK but our global competitors by being one of the top inward investment agencies in the world. It is driving and helping companies that

wish to internationalise, and attracting world-leading companies to Scotland, under a restricted budget. That is also the case with Scottish Enterprise, Highlands and Islands Enterprise, energy companies, tourism and, yes, education, the public sector and the third sector. They are doing more with the same or with less—some with more. The culture is changing. They are creating a lean, fit, productive, efficient and ambitious Scotland.

The budget bill further builds on the change in our economic culture, which is right for Scotland.

Mary Scanlon: Will the member give way?

Chic Brodie: No. I have only 20 seconds left.

The people of Scotland increasingly accept that. Even in tough times, they know and recognise financial competence when they see it, which is why they are moving to us in greater and greater numbers.

16:35

Gavin Brown: From the beginning of the budget process, the Scottish Conservative approach has been that the budget had to prioritise jobs, growth and the economy. That is the yardstick by which the Government asked to be judged. In his press release of 4 February, Mr Swinney said:

“The Scottish Government is using every lever currently available to us to secure new investment and create and safeguard jobs”.

In the stage 1 debate, he said:

“The budget that is before Parliament today is focused on economic growth. It uses all the powers that we have”.—[*Official Report*, 25 January 2012; c 5624.]

We agree entirely with the narrative that the budget ought to be about jobs, growth and the economy, but we intend to judge it on the reality: the numbers that were in it at stage 1 and those that have subsequently appeared at stage 3.

As I said in my earlier speech, there is a 1.3 per cent real-terms cut to the Scottish budget from the current year to the next year, but a £250 million plus cash-terms increase. I reiterate that Mr Swinney has more money at his disposal for the next financial year than he has for the present one. No amount of talking about what the Government will get over five years or four years or trying to conflate different budgets will disguise the fact that, although Mr Swinney has choices to make for the next financial year, he has more money at his disposal.

The reason why we have been adamant about supporting jobs, growth and the economy is that, since the draft budget was produced in September, things have taken a turn for the worse.

Sadly, unemployment has increased and is higher in Scotland than in the rest of the United Kingdom. In particular, youth unemployment is dangerously high, with more than 100,000 unemployed 16 to 24-year-olds. Significantly, there has been a 25,000 increase since May, when the Government was re-elected—with an overwhelming mandate, I have to say.

That is why we have been adamant about college funding and why we have not asked simply for some of the money to be put back, but said that college funding must be an absolute priority. The situation now is very different from the situation when the draft budget was produced.

Clare Adamson: Will the member comment on the 32 per cent cut in college funding south of the border and say how his sentiments marry up with that?

Gavin Brown: SNP back benchers are nothing if not predictable. It must have been Clare Adamson's turn to ask that question—it was somebody else's turn last week. Let us focus on the powers that the Parliament has and on the areas that are entirely devolved to the Government, such as transport, which Mr Harvie mentioned, or education. It is about time that the Government stepped up to the plate and took responsibility for the powers that it has. The SNP made a political choice to slash college funding in Scotland.

It was astonishing to hear the deputy convener of the Finance Committee, John Mason, suggest that one problem with colleges is that students are staying on for too long. That was an absurd remark.

John Mason: Will the member give way?

Gavin Brown: Mr Mason can salvage his case on somebody else's time, but not on mine. I look forward to hearing whether Mr Swinney agrees with John Mason's analysis that students are staying too long at college.

Although we welcome any increase for housing, the proposed increase is a paltry sum in comparison with the huge cut of more than £100 million in a single year. Mr FitzPatrick said that we should all welcome the innovative plans for housing. That is all well and good, but I do not know whether, when he said that, he had seen the numbers and realised that there will be a cut of more than £100 million in the housing budget.

Time and again, we hear from the Government, “If only we had more powers we could do so much more.” However, the Government fails to use the powers that it has on issues that are completely devolved. When it comes to taxation, although the Government has power over business rates, instead of trying to make Scotland more

competitive next year it wants to bring in a retail levy and make Scottish retailers less competitive than retailers south of the border. That is happening without any impact assessment being undertaken.

Neil Findlay: Will the member give way?

Gavin Brown: If I did not have only 34 seconds left I would happily give way to Mr Findlay.

The SNP wanted to be judged on jobs and the economy, but it is taking too many measures that could harm the economy and it is failing to take measures that could help the economy. On that basis, as I said in my opening speech, we will vote against the budget at 5 o'clock.

The Deputy Presiding Officer: Before I call Rhoda Grant, I remind the Parliament that members who have taken part in the debate should be in the chamber for the closing speeches.

16:41

Rhoda Grant (Highlands and Islands) (Lab): At stage 1 we said that the budget was beyond redemption, and the cabinet secretary has proved that today.

Despite the consequentials, cuts have not been reinstated in crucial areas such as housing, front-line services and education for young people. I welcome the additional funds for housing, but it is clear that the funding is still 30 per cent down on last year. The promise of 6,000 social rented houses per year remains broken.

Kevin Stewart: Will Rhoda Grant say what Labour would do instead? What is beyond redemption, as far as I am concerned, is that neither the Tories nor the Labour Party will say exactly what they would do in the current circumstances. That is wrong.

Rhoda Grant: I cannot rewrite the budget in eight minutes, given the state that it is in. However, I can give the member one example of an area from which we could take money. We could take money from the referendum campaign that the Government will run, which is not highlighted in the budget. The money would be better spent on housing. We could invest it in our people—[*Interruption.*]

The Deputy Presiding Officer: Order.

Rhoda Grant: SNP members might not like what I am saying, but if they were willing to invest in housing they would make a huge difference to the people whom we are here to serve. Such investment would create jobs in the construction industry, kick-starting our economy. Apprenticeships would be created for young people, about whom the SNP appears not to care

much. Investment in housing would provide an economic boost, help to cut carbon emissions and fulfil the basic human right of everyone to live in a warm, dry home. It would be preventative spend, saving money in health and education. A 30 per cent cut will not achieve that. I ask the Government to support investment in housing.

Members talked about retrofitting and fuel poverty, the budget for which was cut last year and will not reach previous spending levels during the spending review period. We have been told that a minimum of £100 million is required from the Government if we are to meet the 2016 fuel poverty targets; £65 million is not enough.

John Mason welcomed the decrease in the amount of cuts. In the stage 1 debate I did not hear him or indeed any SNP back bencher ask for a single penny more, but they have lined up today to welcome every penny that has been deducted from the cuts.

I welcome the additional money for further education and for grants to enable students to stay in further education, but there is still a cut, as members pointed out. The budget is still down £30 million, at a time when record numbers of young people are unemployed.

Mark McDonald: Will the member take an intervention?

Rhoda Grant: We have a lost generation—and I am not sure whether Mark McDonald has anything to say for that lost generation.

Mark McDonald: Will the member not at least have the grace to join NUS Scotland in welcoming what the Government is doing? NUS Scotland welcomes it; why can the member not welcome it?

Rhoda Grant: I suggest that the member listen a little more closely, because I started by saying that I welcomed the additional funding. The cut is now only £30 million, which is less than it was before—but it is still a cut at a time when we need places in further education for young people. We need to train them and to give them skills now, in order to prepare them for an economic upturn if it comes. If we do not do that, we stand to add another lost generation to the generation that was lost—as Hugh Henry pointed out—in the 1980s. As we all know, the country is still paying for what happened to that generation, and the cost to this generation will be much higher than the £30 million that we are cutting from funding for college places now.

Kenneth Gibson: We might have the money to replace the £30 million cut that Rhoda Grant talks about if public-private partnership payments were not having to increase from £903 million this year to £951 million next year. Labour's PPP payments

are rising year on year, taking money from the Scottish economy.

Rhoda Grant: I apologise to no one for building schools and hospitals; I only wish that this Government would build them too.

This Government complains about cuts that it has received from Westminster, and I join it in that. The cuts are too fast and too severe, and they will damage our economy. However, with the same voice, the Government doubles the cut and passes it on to local government. It is local government that provides the services to our communities. It provides care in the community—Jackie Baillie talked about preventative spending and about providing care. Others such as Jean Urquhart have talked about free personal care being provided by this Government. The only problem is that that is the only kind of care now available to older people in our communities. They do not get care at home any more. If they can wash themselves and dress themselves, they are on their own. That is not preventative spending. Those people end up in hospital, costing the taxpayer more.

The Government cuts from local government, cuts from the front line, and cuts from classrooms—it cuts classroom assistants and teachers, which creates problems further on. The Government cuts from local government with a road maintenance backlog of £2.5 billion. It passes on double the cut with no understanding of the situation in which people find themselves, and no pity.

I welcome again—members will note that I said “welcome again”—the additional funding for broadband. The cabinet secretary talked about £40 million—[*Interruption.*]

The Presiding Officer (Tricia Marwick): Excuse me, Ms Grant. There is far too much noise in the chamber.

Rhoda Grant: Thank you, Presiding Officer.

The cabinet secretary talked about £40 million from local government for broadband. I would like him to clarify whether that is the same £40 million that was announced last week in the digital action plan. I am pleased that the Government is putting more money into an essential service, and I would be keen to learn how it plans to lever in additional funding. The Government is more than aware that the figure quoted for the roll-out of superfast broadband to the Highlands and Islands alone is around £300 million. We have a long way to go if we want to bring rural services up to the levels enjoyed in our cities. I accept that funding should not be provided entirely by the Government, but it needs to use its investment to lever in other funding—especially from providers that will use the infrastructure to make money in the future.

Other members have spoken about transport, and it was rightly said that the air discount scheme is a tax on business. When in difficult times, we must not tax business further. However, we must also ensure that we do not place a tax on communities—I am thinking of the road equivalent tariff for hauliers in the Western Isles.

This budget is the budget of a Government that is asking for more powers. At the same time, it is proving to this Parliament that it cannot use the powers to govern that it already has. The budget is a wasted opportunity—and while we face the financial cost of that, the people whom we serve are facing the human cost.

16:49

John Swinney: Rhoda Grant said that the Government has been unable to prove to the public that we could use the powers and resources that are at our disposal to meet the needs of the people. That is rather strange, especially given the verdict of the people in the May 2011 election after I had to steward through Parliament the most significant reduction in public expenditure in post-war Scotland and I had to face difficult decisions. The election resulted in the return of the Government with a majority and the humiliation of the Labour Party.

Rhoda Grant: The cabinet secretary got that majority on the back of a promise to build 6,000 social rented houses a year for the Scottish people. That promise was immediately broken.

John Swinney: The Government is allocating the resources to build 30,000 affordable homes and we have supplemented those resources in today's budget.

The most realistic speech today came from Willie Rennie, who made the fairest contribution to the debate. He gave an account of the financial pressures that the Government is under and acknowledged that they arise out of the settlements that have been decided at Westminster. He marshalled the issues about which he had been concerned and had made representations to me during the budget process. He was dealt with in the budget process in exactly the same way as every other party was dealt with, so, on the basis of what he said, none of them can have any complaint about the process.

At the conclusion of his remarks, Mr Rennie asked me a number of questions about the allocation of fossil fuel levy money. The Government will make announcements on that in due course, but Mr Rennie is aware that the budget allocates £200 million over a three-year period for renewable energy schemes. He also asked me to explore the issue that Mr McArthur raised in his intervention about the impact of the

changes to the air discount scheme on people who are unemployed. Keith Brown will get to the bottom of that issue.

Mr Rennie's speech was the type of contribution that Parliament should expect from an Opposition politician, because he did not turn up, moan about the reductions in public expenditure, and demand funding for a bottomless pit of commitments, which is what the Labour Party and the Conservatives have done today.

I have worked to create consensus and today I have substantively addressed the issues that Opposition parties and stakeholders around the country have raised, whether it be housing, transport, colleges and provision for students, or support for local government. We will put those proposals to Parliament in the vote at 5 o'clock and we will be interested to hear Parliament's response.

Of course, all judgments have been made in the context of the severe reduction in public expenditure that we are facing. Gavin Brown is correct to say that there has been an increase in cash terms between 2011-12 and 2012-13. I cannot deny that statistical reality, but Mr Brown must accept that we have had a substantial reduction in our budget from 2010-11 to 2011-12, so we are starting from a much lower baseline, which affects our ability to make commitments and the scale of the commitments that we can make.

In my earlier exchanges with Mr Brown, I should have given him the total figure for the reduction of the departmental expenditure limit over the four-year period. It is £10.4 billion in real terms, which is made up of £6.7 billion in revenue budgets and £3.7 billion in capital budgets. I hope that those figures clearly set out to Parliament the financial issues and pressures that the Administration is wrestling with. Against the backdrop of a £10.4 billion real-terms reduction in public expenditure, it is difficult for me to believe that members can, in all honesty, come to Parliament and ask me for more money for health—

Gavin Brown: Will the cabinet secretary give way?

John Swinney: I will give way before I give Parliament the list.

Gavin Brown: I notice that Mr Swinney said that it was Willie Rennie who made the fairest speech and not one of his back benchers.

The critical point is this: we were not talking about college cuts over the course of a five-year period; we were comparing 2011-12 with 2012-13, and the same with housing. We were talking about a 6 per cent cut to colleges when there is a 1.3 per cent real-terms cut in the budget. How is that prioritising the economy and jobs? *[Applause.]*

John Swinney: I see that there is some sycophancy among the Tory back benchers. *[Laughter.]* By the way, I would never try to suck up to my back benchers. In my political life I have made a habit of never doing that.

The point that I am making to Mr Brown is that the Government has got to live within a fixed financial envelope, which means that hard decisions have to be made. That makes it difficult for us to allocate more resources to health, which Ken Macintosh, Jackie Baillie and Mary Scanlon asked for; to teachers, which Ken Macintosh asked for; or to colleges, which Richard Baker asked for. Richard Baker was very expensive today, asking for funding for colleges, housing and local authorities. Rhoda Grant also asked for more money for local authorities.

Mary Scanlon: Will the cabinet secretary take an intervention?

John Swinney: No. We are not finished. We will have a wee break in a moment.

Jackie Baillie wanted money for welfare reform, and Claudia Beamish and Patrick Harvie wanted money for sustainable and active travel. Even when we try to raise revenue, as we are doing through the public health supplement, to invest in preventative spending, Ken Macintosh disagrees with us. The Opposition parties take an incredible approach to budget setting.

Mary Scanlon: If the cabinet secretary reads the *Official Report*, he will see that I welcomed the £60 million for maintenance of our hospitals. I also pointed out that the Audit Scotland report highlighted the £500 million that was required for essential work and asked where that would come from.

John Swinney: It certainly would not be coming from Mrs Scanlon or any of her proposals.

The solution to the financial crisis and the difficulties that we face was provided by the solitary suggestion from the Labour Party, when Rhoda Grant told us that the cost of the referendum would pay for it all. That is £10 million spread across health, teachers, college funding, housing, councils, welfare reform, and sustainable and active travel. On the Jackie Baillie test, by which half a billion pounds in preventative spending is described as minuscule, I cannot imagine what the terminology is for £10 million of referendum costs.

Jackie Baillie: The cabinet secretary will recognise that members on all sides of the chamber support preventative spending. However, the amount that he is spending is one hundredth of 1 per cent. That is minuscule.

Kenneth Gibson: You cannae count.

The Presiding Officer: Mr Gibson. Please.

John Swinney: It is more than Jackie Baillie has ever proposed to spend. If it is not enough for Jackie Baillie, where is one iota of a suggestion about where the money might come from? It is the politics of an incredible place in which the Labour Party has found itself.

I do not know what other parties intend to do at decision time, but a number of Labour and Conservative members have indicated that they will vote against the budget. I remind them that they will be voting against the small business bonus scheme. They will be voting against rural broadband. Next time I see *The Courier* filled with demands from the Tory party for more money for rural broadband, I will send a letter to the editor to say that they voted against it when they had the chance in Parliament. They are going to vote against modern apprenticeships and all the capital expenditure projects. It is beyond belief.

Hugh Henry—I always seem to conclude my speeches on Hugh Henry these days—said that the budget is just cuts, cuts, cuts. I will share some comments with him:

“there's going to have to be cuts. There would have to be difficult decisions. We would have to have cuts in police. We'd have to have cuts in the schools budget. We'd have to have cuts in the defence budget”.

Who made those comments? Ed Balls. The Labour Party is prepared to cosy up to the Tories in London and say, “We're with you on the cuts agenda,” then come here and posture, with not a scrap of credibility, about the choices that have to be made. It is little wonder that the Labour Party was devastated in the May 2011 elections; the devastation will continue after the lack of credibility that it has demonstrated in this debate.

Business Motion

17:00

The Presiding Officer (Tricia Marwick): The next item of business is consideration of business motion S4M-01976, in the name of Bruce Crawford, on behalf of the Parliamentary Bureau, setting out a revision to business for tomorrow, Thursday 9 February, and a future business programme.

Motion moved,

That the Parliament agrees—

(a) the following revision to the programme of business for Thursday 9 February 2012—

after

2.55 pm Scottish Government Debate: Youth Employment Strategy

insert

followed by Scottish Government Debate: Membership of the Regional Chamber of the Congress of Local and Regional Authorities of the Council of Europe and Committee of the Regions

(b) the following programme of business—

Wednesday 22 February 2012

2.30 pm Time for Reflection

followed by Parliamentary Bureau Motions

2.35 pm Scottish Parliamentary Corporate Body Question Time

2.50 pm Scottish Government Debate: Green Investment Bank

followed by Business Motion

followed by Parliamentary Bureau Motions

5.00 pm Decision Time

followed by Members' Business

Thursday 23 February 2012

9.15 am Parliamentary Bureau Motions

followed by Scottish Labour Party Business

11.40 am General Question Time

12.00 pm First Minister's Question Time

2.15 pm Themed Question Time
Health, Wellbeing and Cities Strategy

2.55 pm Scottish Government Debate: Economy and Recovery

followed by Parliamentary Bureau Motions

5.00 pm Decision Time

followed by Members' Business

Wednesday 29 February 2012

2.30 pm Time for Reflection

followed by Parliamentary Bureau Motions

followed by Scottish Government Business
followed by Business Motion
followed by Parliamentary Bureau Motions
 5.00 pm Decision Time
followed by Members' Business
 Thursday 1 March 2012
 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
 Infrastructure and Capital Investment;
 Culture and External Affairs
 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

17:00

The Presiding Officer (Tricia Marwick): There is one question to be put as a result of today's business. The question is, that motion S4M-01960, in the name of John Swinney, on the Budget (Scotland) Bill, be agreed to. Are we agreed?

Members: No.

The Presiding Officer: There will be a division.

For

Adam, Brian (Aberdeen Donside) (SNP)
 Adam, George (Paisley) (SNP)
 Adamson, Clare (Central Scotland) (SNP)
 Allan, Dr Alasdair (Na h-Eileanan an Iar) (SNP)
 Beattie, Colin (Midlothian North and Musselburgh) (SNP)
 Biagi, Marco (Edinburgh Central) (SNP)
 Brodie, Chic (South Scotland) (SNP)
 Brown, Keith (Clackmannanshire and Dunblane) (SNP)
 Burgess, Margaret (Cunninghame South) (SNP)
 Campbell, Aileen (Clydesdale) (SNP)
 Campbell, Roderick (North East Fife) (SNP)
 Coffey, Willie (Kilmarnock and Irvine Valley) (SNP)
 Constance, Angela (Almond Valley) (SNP)
 Crawford, Bruce (Stirling) (SNP)
 Cunningham, Roseanna (Perthshire South and Kinross-shire) (SNP)
 Dey, Graeme (Angus South) (SNP)
 Don, Nigel (Angus North and Mearns) (SNP)
 Doris, Bob (Glasgow) (SNP)
 Dornan, James (Glasgow Cathcart) (SNP)
 Eadie, Jim (Edinburgh Southern) (SNP)
 Ewing, Annabelle (Mid Scotland and Fife) (SNP)
 Ewing, Fergus (Inverness and Nairn) (SNP)
 Fabiani, Linda (East Kilbride) (SNP)
 Finnie, John (Highlands and Islands) (SNP)
 FitzPatrick, Joe (Dundee City West) (SNP)
 Gibson, Kenneth (Cunninghame North) (SNP)
 Gibson, Rob (Caithness, Sutherland and Ross) (SNP)
 Grahame, Christine (Midlothian South, Tweeddale and Lauderdale) (SNP)
 Hepburn, Jamie (Cumbernauld and Kilsyth) (SNP)
 Hume, Jim (South Scotland) (LD)
 Hyslop, Fiona (Linlithgow) (SNP)
 Ingram, Adam (Carrick, Cumnock and Doon Valley) (SNP)
 Keir, Colin (Edinburgh Western) (SNP)
 Kidd, Bill (Glasgow Anniesland) (SNP)
 Lochhead, Richard (Moray) (SNP)
 Lyle, Richard (Central Scotland) (SNP)
 MacAskill, Kenny (Edinburgh Eastern) (SNP)
 MacDonald, Angus (Falkirk East) (SNP)
 MacDonald, Gordon (Edinburgh Pentlands) (SNP)
 Mackay, Derek (Renfrewshire North and West) (SNP)
 Mackenzie, Mike (Highlands and Islands) (SNP)
 Mason, John (Glasgow Shettleston) (SNP)
 Matheson, Michael (Falkirk West) (SNP)
 Maxwell, Stewart (West Scotland) (SNP)
 McAlpine, Joan (South Scotland) (SNP)
 McArthur, Liam (Orkney Islands) (LD)
 McDonald, Mark (North East Scotland) (SNP)
 McInnes, Alison (North East Scotland) (LD)
 McKelvie, Christina (Hamilton, Larkhall and Stonehouse) (SNP)
 McLeod, Aileen (South Scotland) (SNP)
 McMillan, Stuart (West Scotland) (SNP)

Paterson, Gil (Clydebank and Milngavie) (SNP)
 Rennie, Willie (Mid Scotland and Fife) (LD)
 Robison, Shona (Dundee City East) (SNP)
 Russell, Michael (Argyll and Bute) (SNP)
 Salmond, Alex (Aberdeenshire East) (SNP)
 Scott, Tavish (Shetland Islands) (LD)
 Stevenson, Stewart (Banffshire and Buchan Coast) (SNP)
 Stewart, Kevin (Aberdeen Central) (SNP)
 Sturgeon, Nicola (Glasgow Southside) (SNP)
 Swinney, John (Perthshire North) (SNP)
 Thompson, Dave (Skye, Lochaber and Badenoch) (SNP)
 Torrance, David (Kirkcaldy) (SNP)
 Urquhart, Jean (Highlands and Islands) (SNP)
 Walker, Bill (Dunfermline) (SNP)
 Watt, Maureen (Aberdeen South and North Kincardine) (SNP)
 Wheelhouse, Paul (South Scotland) (SNP)
 White, Sandra (Glasgow Kelvin) (SNP)
 Wilson, John (Central Scotland) (SNP)
 Yousaf, Humza (Glasgow) (SNP)

Against

Baillie, Jackie (Dumbarton) (Lab)
 Baker, Claire (Mid Scotland and Fife) (Lab)
 Baker, Richard (North East Scotland) (Lab)
 Beamish, Claudia (South Scotland) (Lab)
 Bibby, Neil (West Scotland) (Lab)
 Boyack, Sarah (Lothian) (Lab)
 Brown, Gavin (Lothian) (Con)
 Carlaw, Jackson (West Scotland) (Con)
 Chisholm, Malcolm (Edinburgh Northern and Leith) (Lab)
 Davidson, Ruth (Glasgow) (Con)
 Dugdale, Kezia (Lothian) (Lab)
 Fee, Mary (West Scotland) (Lab)
 Ferguson, Patricia (Glasgow Maryhill and Springburn) (Lab)
 Fergusson, Alex (Galloway and West Dumfries) (Con)
 Findlay, Neil (Lothian) (Lab)
 Fraser, Murdo (Mid Scotland and Fife) (Con)
 Goldie, Annabel (West Scotland) (Con)
 Grant, Rhoda (Highlands and Islands) (Lab)
 Gray, Iain (East Lothian) (Lab)
 Griffin, Mark (Central Scotland) (Lab)
 Harvie, Patrick (Glasgow) (Green)
 Henry, Hugh (Renfrewshire South) (Lab)
 Johnstone, Alex (North East Scotland) (Con)
 Johnstone, Alison (Lothian) (Green)
 Kelly, James (Rutherglen) (Lab)
 Lamont, Johann (Glasgow Pollok) (Lab)
 Lamont, John (Ettrick, Roxburgh and Berwickshire) (Con)
 Macdonald, Lewis (North East Scotland) (Lab)
 Macintosh, Ken (Eastwood) (Lab)
 Malik, Hanzala (Glasgow) (Lab)
 Marra, Jenny (North East Scotland) (Lab)
 Martin, Paul (Glasgow Provan) (Lab)
 McCulloch, Margaret (Central Scotland) (Lab)
 McDougall, Margaret (West Scotland) (Lab)
 McGrigor, Jamie (Highlands and Islands) (Con)
 McLetchie, David (Lothian) (Con)
 McMahon, Michael (Uddingston and Bellshill) (Lab)
 McMahon, Siobhan (Central Scotland) (Lab)
 McNeil, Duncan (Greenock and Inverclyde) (Lab)
 McTaggart, Anne (Glasgow) (Lab)
 Milne, Nanette (North East Scotland) (Con)
 Mitchell, Margaret (Central Scotland) (Con)
 Murray, Elaine (Dumfriesshire) (Lab)
 Park, John (Mid Scotland and Fife) (Lab)
 Pearson, Graeme (South Scotland) (Lab)
 Pentland, John (Motherwell and Wishaw) (Lab)
 Scanlon, Mary (Highlands and Islands) (Con)
 Scott, John (Ayr) (Con)
 Smith, Drew (Glasgow) (Lab)
 Smith, Elaine (Coatbridge and Chryston) (Lab)

Smith, Liz (Mid Scotland and Fife) (Con)
 Stewart, David (Highlands and Islands) (Lab)

The Presiding Officer: The result of the division is: For 70, Against 52, Abstentions 0.

Motion agreed to,

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

Special Areas of Conservation (Designation)

The Deputy Presiding Officer (Elaine Smith):

The final item of business is a members' business debate on motion S4M-01532, in the name of Jamie McGrigor, on the designation of special areas of conservation. The debate will be concluded without any question being put.

Motion debated,

That the Parliament notes with alarm concerns expressed by local communities in the Western Isles regarding procedures and scientific data used by Scottish Natural Heritage (SNH) for designating special areas of conservation (SAC) in East Mingulay and the Sound of Barra; notes that the concerns were assessed by SNH, which, in the case of the East Mingulay consultation process, deemed them to be unfounded, and notes that the designation process is continuing for both sites, despite continuing local concerns and what it understands to be government-sponsored evidence of substantial economic damage and little quantifiable benefit as a result of SAC status.

17:03

Jamie McGrigor (Highlands and Islands) (Con): I thank those MSPs who signed my motion, particularly Margo MacDonald and Willie Rennie, whose cross-party support has enabled the debate to take place.

My purpose is to highlight the strongly felt concerns of many constituents about the Barra proposal and the virtually unanimous opposition of Western Isles Council to it. I hope to increase understanding on both sides of the debate, and the focus of my remarks will be on the Barra proposal.

The debate mirrors closely a previous members' business debate in April 2002 about an earlier attempt to introduce a special area of conservation in the same area. That did not go ahead because it was shown that Scottish Natural Heritage's evidence was simply wrong, because the number of common or harbour seals was less than the 1 per cent of the national seal population that was then required to justify such a designation.

However, with no apparent explanation or justification, the proposed designation of Barra was never taken off the table. It has now been resurrected with extended boundaries and with different and additional goalposts: namely, the sandbanks containing maerl beds, and the reefs, which were not previously deemed to be important enough to merit designation.

SNH's consultation document states that the proposed Sound of Barra designation would represent 0.1 to 0.4 per cent of the overall total of United Kingdom sandbanks, 0.7 per cent of the

overall total UK common seal population and a mere 0.07 per cent of the overall total UK reef resource. By any standards, those are very low percentages.

In 2007, the Joint Nature Conservation Committee assessed the Minches and west Scotland regional sea as not requiring

"any additional areas for sandbanks/reefs for possible inclusion"

in SACs.

With regard to seals, SNH states:

"Harbour seals are widespread in the outer Hebrides",

and yet the seal population in the Sound of Barra is low, unstable and not fully understood.

With regard to reefs, the JNCC stated in 2009 that the Sound of Barra

"contains similar reef types to other sites in this regional area.

With regard to sandbanks, SNH fails to give any supporting data for its assertion that they are "in good condition"; fails to acknowledge that they are continually in motion, as the local fishermen well know; and concedes that what little maerl remains alive is often sparsely distributed, which is not the case everywhere in Scotland.

All of that, and the lack of robust scientific supporting data, feeds into local concerns that the Sound of Barra proposal is being singled out in order to avoid somebody losing face. It is telling that the consultation response of the widely respected and independent Scottish Association for Marine Science twice notes that the Sound of Barra data is

"limited and the references sparse".

Detailed concerns about the scientific basis for the proposal have been identified in Ian Mitchell's comprehensive paper, which was commissioned jointly by the Western Isles Council and the Mallaig & North West Fishermen's Association.

Surely, if we agree that decisions should be evidence based, SNH should have made an appropriate and thorough assessment of all other marine sites to ensure that the Sound of Barra genuinely is such an important location and the best one. That simply has not taken place, which is what concerns so many of my constituents.

SAMS has stated:

"This is not the only area of maerl worthy of consideration: the Sound of Harris is another excellent site and ... a comparative study"

should be done

"of the pros and cons of the two sites."

Does the minister agree that Ian Mitchell's report appears to reveal collusion between Marine Scotland and SNH over reclassifying the designation so that the Barra sandbanks were upgraded to fit the criteria? If so, does he agree that that is unethical? SNH is meant to be an independent advisory body to the Government, and Marine Scotland is a tool of the Government

I will touch on the impact of an SAC on the local economy. The Scottish Government-commissioned Halcrow report in 2010 suggested that the closure of the proposed SAC to mobile fisheries gear operators would result in a loss of landings worth £121,000 per annum. However, industry feedback suggests that that is a gross underestimate of the value of the shellfish. Those sectors support a significant number of jobs both at sea and in onshore processing, and are a crucial part of the fragile economy of Barra, Uist and Harris.

What angers local fishermen is the total lack of evidence that existing fishing activity has contributed to a deterioration in any of the marine features that SNH says are already in good condition. Scallop fishermen know better than to draw their gear over rocks and risk losing it, and—at the very least—information from existing scallop vessels should be incorporated into designation assessment in order to retain existing scallop activity.

Despite assurances that have been given about fishing interests, the minister should be aware of the impact that such a designation may have on creel fishermen in Strangford Lough in Northern Ireland, as reported in last week's *Fishing News*. Despite the assurances that were given beforehand, the European Union is demanding ever more restrictions there. There are also concerns about the impact that designations might have on possible future renewables developments pertaining to the island of Barra.

Constituents have asked me to raise their concerns about the way in which SNH has gone about consulting the community and local interests. One constituent e-mailed me this week, imploring me to emphasise today

“how bitter and disenfranchised we feel in regards to the whole so-called ‘consultation process’”.

He went on to criticise

“the so-called experts from SNH who come to Barra and in public meetings cannot give answers on the very subject they are supposed to be expert on.”

SAMS has expressed concern at the approach that has been taken and at the SNH consultation document, which

“pays little regard to future management strategies and stakeholder interests”,

regretting the “polarisation” that has occurred and noting that

“suspicion and distrust is exacerbated by the lack of transparency.”

That must be a concern for all of us, and lessons should be learned.

The same things were said in the 2002 debate. For example, Fiona McLeod of the SNP said:

“SNH is not alone in being a public body that is not good at consultation”.

I repeat some comments that I made in my debate in 2002, which are just as valid today:

“It is ... vital that the needs and concerns of local people in areas of proposed designations are taken into consideration. The people who live and work the land and get their feet muddy are the people who know the environment best. In many cases, they are the reason that the species are there. They are the people who have been protecting the land and the wildlife for centuries, and who will make or break the protection.”—[*Official Report*, 18 April 2002; c 8088, 8082.]

In a letter to me, the chairman of SNH, Andrew Thin, said that

“an erroneous impression has been promulgated locally to the effect that designation will prevent local fishermen and others from continuing with activities that currently take place within the designated area.”

Local people in Barra and the Western Isles are still worried and feel that their views are simply being ignored by the Scottish Government. I hope that the minister will remedy that, as the minister did in 2002, and look closely again at all the evidence before submitting the area for designation.

I call on the minister to assure me that he will give timely notice to the people of Barra and the Western Isles before he makes any decision, so that they can begin to make plans for their future livelihoods and income streams should those in any way be strangled by the designation.

17:12

Dr Alasdair Allan (Na h-Eileanan an Iar) (SNP): There is no disputing the strength of feeling in Barra, Eriskay and Uist about marine special area of conservation designations. That was expressed at the time of the east Mingulay consultation and it is being expressed again about the Sound of Barra. Although I am bound by collective responsibility once decisions have been made, this one has not yet been made and, as a constituency MSP, it is my duty—until and unless a decision is made—to make clear what my constituents feel, as I have done for some years.

The process around the designations, which are driven by the EU habitats directive, has given rise to expressions of enormous concern in Barra. In

its dealings with SNH, the community feels that its economic concerns are being ignored. It is important that the minister tells us tonight, for instance, how he intends to protect scallop dredging not just in the short term, but for future generations. Above all, my constituents have expressed a strong feeling of grievance at a process that legally considers only scientific questions, not economic ones. In that context, it is worth stressing that the very existence of a pristine environment is down to the fact that generations of islanders have treated their environment responsibly.

Some limited progress has been made. Most recently, I pointed out successfully to SNH that my constituents felt that it was ludicrous for SNH to include the Tràigh Mhòr in the proposals—an area that contains none of the designated habitats or species but which includes the island's lifeline airport. I am happy to say that SNH has changed that element of its plans. A concerted campaign by the community—some of whom are in the public gallery today—has led, over time, to SNH unusually publishing in advance advice that it would offer about the management of any MSAC in the Sound of Barra. That would now include undertakings for there to be no impact on creel fishing and that demersal trawling could continue away from the most sensitive habitats. However, in the mind of the community that raises the question of what, in any practical sense, the MSAC is meant to achieve in a community that has legitimate concerns about its economic future.

Some of the language in the motion is rather less apolitical than might be expected in a members' business debate. The accusation of "government-sponsored ... damage" to the people of Barra—in relation to an issue that was first raised by a Government 10 years ago—is so partisan that a response might be necessary.

The interest that some members have shown in supporting the cause stands in marked contrast with their record on the issue. For example, of the 27 responses to the consultation on the east Mingulay designation, only three came from political figures, who were the local MP, local councillor Donald Manford and me. All those responses said, as the member who lodged the motion just said, that it is no secret that the relationship between the community involved and SNH has broken down.

The MSAC designation that is proposed in the Sound of Barra has provoked strong feelings in the area. I hope that proposals such as that for a fish farm in the sound provide evidence that investment in the area will continue, but people in Barra have frequently questioned why we have a legal framework for designations that is—from the

point of view of somebody who lives in Barra—inflexible and illogical.

I take part in the debate as the constituency MSP who represents Barra. From my many meetings with fishermen, crofters and others, I know the strength of their feelings, which I record again today.

17:16

Rhoda Grant (Highlands and Islands) (Lab): I congratulate Jamie McGrigor on securing the debate and I welcome the representatives from the community of Barra who are in the public gallery.

As Jamie McGrigor said, the issue has been long running and has created a great deal of disquiet in the community. It is clear that SNH made up its mind about the Barra designation from the outset, but it failed to make the case to the community or scientifically. Throughout the process, it has moved the goalposts and cited different reasons for designation when it has failed to make the case.

SNH has said that the designation will not impact on the fishing industry, but it has also said that designation could limit static-gear fishing effort and will require some types of fishing activity to be prohibited in more sensitive parts of the site. To be frank, SNH has lost touch with the community and has lost its trust.

SNH has not acted openly. It has given the constituency MSP and MP information but has failed to brief regional members. That gives the impression that it might have something to hide, which is not helpful in the debate.

SNH has failed to make the case to the local council, which objected to the designation on scientific and socioeconomic grounds. The scientific grounds for the designation are the protection of common seals, sandbanks that are slightly covered by seawater all the time and reefs.

Back at the beginning of the process, the common seal was the primary reason for the designation, but the seals have left, which is possibly because of the building of the Eriskay causeway—and SNH hid even that until it was pulled out by a freedom of information request. Back in 2000, the sandbanks were not considered sufficiently important to justify designation but, when seal numbers plummeted, they became crucial to the designation. To designate on that basis, other sites must be examined, after which the best is designated. No comparisons with other sites have been made, so the proposed designation is at odds with the European legislation. The reefs in the proposed area are not unique. Many similar types of reefs have been

designated, so further designation is not required. The science does not hold up.

The council objected to the designation on socioeconomic grounds, because the islanders in Barra alone stand to lose earnings of about £800,000 per annum, and an additional 27 jobs are at risk in Uist. The figures all depend on the fishing industry and take no account of the potential for wave and tidal renewables, once those technologies are developed. It is recognised globally that the west coast of the Western Isles will be one of the main sites for wave and tidal power once we have the technology to harness that power.

It is widely understood that the Western Isles has a challenged economy. It has been a priority area for Highlands and Islands Enterprise for many years, and the jobs that I mentioned are crucial to the survival of the islands. The people who live there know that—that is why they would never do anything that would damage their fishing industry. For generations, they have looked after their natural heritage, and SNH is arrogantly overlooking that knowledge. Designation has to be an open process that must start with engaging the communities who have looked after that natural heritage over the years. They must have ownership of the process. It is very clear that that has not happened with the Barra designation.

It is also clear that SNH has not been open and honest with the community. For that reason, as much as any other that I have talked about tonight, the process must stop now. The minister must ensure that there is a full investigation into what has gone wrong and that no other community is treated in the same way.

In many such places, the most endangered species are the people who live there. They are forced to guard their natural heritage. I hope that the minister will give the community some comfort tonight.

17:21

Tavish Scott (Shetland Islands) (LD): I thank Jamie McGrigor for securing the debate and support him and the other members who have built a reasoned case around their concerns and the concerns of the local community.

Jamie McGrigor raised three points that I will address. To some extent, the independence of SNH is at the core of the debate, in terms of how the issue has been handled. When the SNP Government came into being in the previous session, Mr Russell, who was then in the seat that Mr Stevenson now occupies, made much of declaring in this Parliament that he would bring together all the external agencies, including SNH, to operate as a whole—that was absolutely

Government policy. I am sure that Jamie McGrigor is aware that the idea that SNH operates as an independent agency came to an end when Mr Russell made that statement, changing the relationship between those agencies and the Government.

Jamie McGrigor made a point about Marine Scotland that is important in understanding the concerns of the community that we are speaking about tonight and others across rural Scotland. Marine Scotland is not some separate Government agency; it is part of Mr Stevenson's department. Mr Stevenson can shake his head, but that is a fact.

The Minister for Environment and Climate Change (Stewart Stevenson): I was not shaking my head.

Tavish Scott: I concede that the minister was not shaking his head. He was looking quizzical—I will leave it at that.

As any whitefish trawlerman will say, Marine Scotland is the Government and delivers Government policy. It is important to recognise that.

I have a lot of sympathy for Dr Allan. I appreciate how difficult these issues are for ministers who are constituency members. I must confess that I always thought that the convention was that, if a Government minister did not agree with the Government, they had to go. However, if Dr Allan has found a way of describing the issue that we are talking about as a decision rather than a policy, I can only applaud that. That was not an option that was open to some of us previously. If that is now how the Government operates, it is different from what has happened in the past.

I commend to members Lesley Riddoch's compelling piece in Monday's *Scotsman*. On the principles of government, she wrote:

"In top-down Scotland ... Barra folk will only see the consultation written 'on their behalf' after a ministerial decision has been made."

That encapsulates what is wrong with the way in which such decisions are made. I hope that ministers will reflect on the views of the communities and individuals who are deeply concerned about how top-down such nature designation is. The fact that the situation has been going on for as long as Jamie McGrigor has described is indicative of the problems with that approach.

Jamie McGrigor mentioned another strong point. The Scottish Association for Marine Science, which is based in Dunstaffnage, has looked into the human ecology and socioeconomic concerns and has said that they can lawfully be considered under the European Union habitats directive. To

pick up the points that were made by Jamie McGrigor, Rhoda Grant and Dr Allan, those of us who are concerned about other developments—salmon farming, mussel farming, shellfish farming, whitefish trawling and all the other marine activities that take place, to say nothing of the renewables industry that will continue to develop in all our constituencies and areas in the coming years—believe that it is vital that the EU habitats directive is used in that way. I hope that, when he winds up, the minister will give us some comfort by saying that, instead of using the EU directive to impose designations on communities around Scotland, he and his department will interpret it in a way that will enable them to take into account the socioeconomic factors that island and rural members are well aware of.

Finally, I want to pick up on the point that Dr Allan made—if I caught him right; I will stand corrected if I caught him wrong—about the proposals being the only ones from his Government for further marine designations. I fear that that is not the case. There are others. I know of some that the Scottish Government is introducing in my part of Scotland, as I have a letter from the chief executive of Scottish Natural Heritage. SNH is proposing a new network of marine nature designations around Scotland's coastline. I will quote from its chief executive's letter.

The Deputy Presiding Officer: I would be grateful if you would quote from it quickly, Mr Scott.

Tavish Scott: I will finish on this point. The chief executive of SNH referred to

“a project being led by Marine Scotland”.

I hope that the minister will reflect on that and ensure that, when he deals with the issue, he will deal with all the other issues that are coming in other areas of Scotland.

17:26

Alison Johnstone (Lothian) (Green): There is no doubt that effective engagement is essential when decisions are being made that may impact on a community's use of its local environment, and I am in no doubt that SNH must do better in that regard with the community in Barra. It is crucial that authorities work with communities, involve them fully in the decision-making process, and explain why they are proposing action and how to influence decisions. SNH has certainly scored a must-try-harder mark on community engagement.

However, SAC designation decisions must ultimately be made according to the criteria that are laid out in the habitats directive—and those criteria alone. That is the case for a very good

reason: the interests of industry and big business have run roughshod over the conservation requirements of our natural environment for too long. I accept that those are not the circumstances that are faced in Barra, but the principle remains correct. Decisions on whether to protect our priceless natural assets must be based first and foremost on the needs of the environment. As we are all aware, we rely on a healthy environment for a productive economy.

Once it has been decided that a site requires protection, decisions that relate to how it will be managed must be made. In making those decisions, how the area is used must be considered. Local communities are absolutely central to those decisions and discussions. It must be stressed that designation does not mean a no-take or a no-go zone—far from it. However, it does mean that activities that risk harming the features will be managed.

The case for protecting the two sites is beyond doubt. Mingulay is home to the only example of *Lophelia pertusa* in United Kingdom waters—potentially even in European Union inshore waters. As Scottish Environment LINK has highlighted, its being inshore means that it is subject to completely unique conditions, which makes it incomparable with any examples that are found in deeper water. The reefs shelter and support more than 400 different species, including commercially important fish and shellfish.

The same can be said for the maerl and sea grass habitats in the Sound of Barra. It is simply not correct to suggest that SNH sought out other features to compensate for the decline in seal numbers. The Sound of Barra contains the largest maerl beds in the UK. In and of itself, that should justify SAC designation. By protecting those habitats, we will also help to ensure that the fish that rely on them can thrive, and help to secure the future of a sustainable fishing industry in the area, which we all want.

Those relatively rare habitats are incredibly fragile. Just one pass of a dredge could cause irreparable damage to the reefs. If the *Lophelia* were damaged, it would be lost for ever. There is no getting away from the fact that bottom-contact gear would have to be restricted around those features, but I cannot imagine that there is any trawling or dredging near the reefs anyway because of the risk of gear damage. It is common practice to zone the restrictions of activities within sites. That does not necessarily mean that all bottom trawling would be banned within the SACs; it would simply be restricted around the most sensitive parts of the site.

Furthermore, there is no intention to restrict creeling, pelagic or dived fisheries, which make up by far the biggest economy in the sound. There is

surely a workable compromise that will respect both the natural environment and the community of Barra's relationship with those two areas.

I completely understand the concerns of fragile and remote communities such as those on Barra about their future. That is why I support the designations of the Sound of Barra and east Mingulay. Designation of protected areas on land and sea is about protecting our assets for future generations. Without a healthy and well-functioning marine environment, we directly jeopardise the future of our island communities.

17:30

John Finnie (Highlands and Islands) (SNP): It is very important that public bodies and, indeed, politicians are held to account, so I am grateful to my colleague, Jamie McGrigor, for securing the debate.

In many respects, this is a highly technical matter, but in other respects it is not. I have called on a number of briefing papers, one of which was sent to me by Scottish Environment LINK, which tells me that it has a

"broad spectrum of environmental interests"—

30 in total—

"with the common goal of contributing to a more environmentally sustainable society".

It says that it understands that SACs are "ecologically coherent" and that

"decisions must be based solely on features ... of the Habitat Directive".

It is not in dispute that the reefs are important habitats for important species, with more than 400 having been identified during the survey. One of those species is a very iconic Scottish species: *Homo sapiens*—the native islander. It is clear that the islanders, who have been in touch in some numbers, have great frustrations about the process. I understand that strength of feeling. As a regional MSP, when I am in receipt of matters, I clarify them with the constituency MSP, so I record my thanks to Dr Alasdair Allan for his work behind the scenes. He made the case that designation is unnecessary; that view is shared by local people and the council. As is apparent to all, the European designation process is flawed, because it allows for scientific but not economic concerns to be discussed.

I found the briefing papers to be fascinating, with some interesting phrases that I had not come across before, such as "displacement of fishing effort". I doubt that displacement of the fishing effort will be matched by displacement of the fish following the fishing effort.

We can give a cautious welcome to the advice that was provided to ministers that an SAC will be administered on a basis that minimised the impact on fisheries, but we need much more information on that. I join my colleague, Dr Allan, in seeking further assurances on the protection of scallop dredging and undertakings in relation to creel fishing. We have heard about the inconsistency between the damage to equipment and the reality for people fishing in the area. I welcome the removal of the area around the airport and identify myself with the comments of Rhoda Grant about the possible implications for renewables.

How many of the 30 members of Scottish Environment LINK who are strong proponents of the proposal have spoken to the good folk of Barra or given any consideration to the main indigenous species during the process? History will record that we in the Highlands and Islands have a history of men coming in from outwith the area and telling us what is good for us, and sadly that organisation has fallen into that category too often in recent years. Indeed, it can be seen as frustrating the "environmentally sustainable society" that it purports to support.

As I said, it is very important that we have confidence in our public bodies, and I look forward to hearing what the minister has to say about that.

17:34

Claire Baker (Mid Scotland and Fife) (Lab): I am happy to contribute to this debate about an issue of great concern to many people. People from Barra, some of whom have joined us in the chamber this evening, have been in the Parliament today to make their concerns heard, and it is right that they are heard in the chamber. I recognise the strength of feeling of many local MSPs who have expressed their concerns about the proposal to designate.

I say at the outset that it is important that we designate protected areas to protect our unique wildlife and natural environment and make our contribution to the Natura 2000 network of conservation sites across the European Union. Our most significant sites must be given the fullest protection.

Many factors must be taken into consideration when proposing designations, and they can include different perspectives on what is the best way forward. Often, what is presented in good faith as sound scientific evidence rubs against a local need for economic development and growth. Of course, those things are not always mutually exclusive. However, in the case of the Sound of Barra, it is becoming increasingly difficult to reach agreement between community interests and SNH. The evidence from Western Isles Council

challenges the evidence from SNH, and we now need to find a way forward.

I appreciate the pressures that the minister faces in making the final decision on the designation. In 2009, the European Commission found that the United Kingdom sites that contribute towards the Natura 2000 network fail to protect an adequate proportion of sandbanks, reefs and harbour seals. The network must be completed by the end of this year and, if further special areas of conservation are not designated this year, the Scottish Government may be subject to infraction proceedings and face a substantial fine.

However, we need to have confidence that the designation is right. It will be for the minister to make that call. Local members have been right to raise their concerns about the process and the evidence that has been provided, but we must now focus on a way forward.

The minister could reject the designation, but then we would be in danger of not meeting our Natura 2000 obligations. He could press ahead with the designation, but previous experience has shown that designations work best when the community buys into the decision—in some cases, even actively pursues it—because it appreciates the socioeconomic benefits that could be gained and supports the changes.

That is currently not the case in Barra. Given the strength of feeling that we have witnessed today, it will be difficult to build bridges if the decision is forced on to the community. My colleague Rhoda Grant has suggested a halt in the process to allow for a full and thorough investigation, and it would be helpful to hear the minister's views on that. The minister can avoid addressing these questions this evening. The public consultation on Barra has just concluded and I am not sure whether he has yet received the report. However, he can be in no doubt about the tensions that exist.

Whatever the outcome, it would be constructive for us to reflect on whether the process for designation is right and fit for purpose. SNH has come in for a lot of criticism this evening, but is that partly due to the role that it must play in the process? It prepares the scientific case for the minister and then carries out the public consultation. Perhaps we need to reflect on what can be learned from the experience in Barra to improve accountability and engagement in future designations.

I look forward to hearing the minister's remarks.

17:37

The Minister for Environment and Climate Change (Stewart Stevenson): I will start by acknowledging some important points. There is

absolutely nothing unreasonable about people in Barra—*Homo sapiens*—seeking to protect their economic and environmental interests. In that regard, I acknowledge the substantial contribution to informing the debate that the local MSP, Dr Alasdair Allan, has made. Barra residents Angus Brendan McNeil and Donald Manford have also been in touch with me, as have others.

That leads me to an issue that may perplex some people. I assure members that SNH provides advice but, as Claire Baker correctly said, the minister decides. I do not necessarily have the free hand that some people might wish me to have, but I have the power to protect local interests. For the avoidance of doubt, I shall exercise that power in the following way.

If—for the avoidance of doubt, I said “if”—I designate the Sound of Barra, my objective is to do so when three conditions are fulfilled. First, I will invite local interests to participate in the development of a management plan that has the objective of protecting those interests. In particular, it should maintain a sustainable scallop fishery, the existence of which has, over many years, influenced the local environment such that it is optimised for that activity. The second condition is that any such management plan provides a continuing role for local interests in management of the area. Thirdly and necessarily, any package of proposals has to conform to European Commission rules.

Members might ask what I mean by “local interests”. I recognise that that term must include local fishing interests, local fish processing interests and local environmental and community interests.

John Scott (Ayr) (Con): I spoke in the debate on the issue that took place 10 years ago. Does the minister accept that the problem remains the same? Plus ça change. It is not that anyone doubts that there is a need for a designation; the issue is the manner in which the process is gone about. That is what needs to be addressed, and the Government agencies need to be held to account by ministers in that regard.

Stewart Stevenson: I will say more on that, because I do not reject the point that is being made.

I am asking my officials to bring forward proposals that address the issue of management, so it is vital that local fishing interests engage in the process that I have just described.

In the limited time that is available to me, I would like to respond to a few of the points that members have made. Jamie McGrigor mentioned the Halcrow report. It is worth saying that the value of identifying potential impacts is that it informs the decision of this Government and this minister and

enables me to be aware of the need to safeguard vital services, and to ensure that there is a thriving local economy.

It is worth saying that there are some things in the consultation that might be of interest. The Sound of Barra is referred to on page 14 of the consultation, which shows that the significant impact of the Eriskay causeway has not been reflected in damage to the environment in relation to things such as reef. I had not heard about the issue for creel fishermen in Strangford Lough—I will follow that up after the debate—although I have examples of places in Scotland where we do not appear to have such problems.

Alasdair Allan said that we have to work on the basis of scientific rather than economic issues. Tavish Scott said that economic issues can be part of the decision-making process, but they cannot form part of the scientific advice. However, I can, of course, consider economic issues, and members can be assured that I will so do. I smiled at the mention of Marine Scotland simply because it is my colleague the Cabinet Secretary for Rural Affairs and the Environment who looks after that organisation rather than me. Ministers are responsible, and that is absolutely correct.

It is some time before I expect to receive the report. When I do, I will consider it.

I want to address the point that John Scott and others have made. I fully accept that relations between SNH and local people have broken down. I cannot allow that situation to endure, but I recognise that it will not be possible to fix it quickly. Rebuilding trust will extend well beyond the resolution of the issue that is currently before us. Part of that process will involve my officials being party to more of the discussions. However, it is necessary to avoid an extended period of reflection on what has been. We must focus on what happens next.

One issue that has exercised the Barraich has been the limitation—which derives from EU law and court judgments, not from SNH's preferences—that, when considering possible SAC designations, only environmental issues can be considered. That has caused huge angst—even at a substantial distance, I have felt the intense frustration that it has caused for those who are concerned, quite properly, about economic impacts.

The good news is that, in considering the management of SACs, the Government's view is that we should take account of economic factors. The law permits that. Indeed, in certain cases, an adverse environmental impact may be contemplated when there are "Imperative Reasons of Overriding Public Interest"—that is a quote from the relevant directive.

Jamie McGrigor: Will the minister take on board the fact that windows of economic opportunity are not an overburdening factor in the Western Isles? Windows of economic opportunity must be grabbed, not thrown away.

Stewart Stevenson: I wish that we all had four hands to grab them with. In the relatively brief meeting that I was able to have with the people from Barra who are with us tonight, I committed to have further engagement on economic issues, so I am on song with the member's point.

I take the opportunity to thank those who have travelled here, at no minor expense, to listen to the debate and to meet me. I trust that they feel that, although there is a distance to travel on the issue, the minister has been listening to the MSP for the Western Isles, to this debate and to people beyond. I ask the people from Barra, when they go back there, to highlight that the minister has visited Barra many times over a 30-year period. I absolutely understand, and I am committed to ensuring the economic viability of the island both now and in the future. We need to work together—in the Parliament, but more fundamentally with local people on Barra—to deliver on that commitment, and we need to rebuild trust.

Meeting closed at 17:45.

Members who would like a printed copy of the *Official Report* to be forwarded to them should give notice to SPICe.

Available in e-format only. Printed Scottish Parliament documentation is published in Edinburgh by RR Donnelley and is available from:

All documents are available on
the Scottish Parliament website at:

www.scottish.parliament.uk

For details of documents available to
order in hard copy format, please contact:
APS Scottish Parliament Publications on 0131 629 9941.

For information on the Scottish Parliament contact
Public Information on:

Telephone: 0131 348 5000
Textphone: 0800 092 7100
Email: sp.info@scottish.parliament.uk

e-format first available
ISBN 978-1-4061-8293-4

Revised e-format available
ISBN 978-1-4061-8307-8

Printed in Scotland by APS Group Scotland
