



The Scottish Parliament  
Pàrlamaid na h-Alba

## Official Report

# MEETING OF THE PARLIAMENT

Thursday 21 March 2013

Session 4

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# Scottish Parliament

Thursday 21 March 2013

[The Presiding Officer *opened the meeting at 11:40*]

## General Question Time

### European Arrest Warrant (United Kingdom Opt-out)

**1. Colin Keir (Edinburgh Western) (SNP):** To ask the Scottish Government whether the United Kingdom Government has indicated by what mechanism criminals will be repatriated to Scotland if the UK opts out of the European arrest warrant. (S4O-01945)

**The Cabinet Secretary for Justice (Kenny MacAskill):** Scottish ministers, the Lord Advocate, Scottish police and legal professionals as well as other devolved Administrations and justice agencies have all raised clear concerns about the UK coalition Government's handling of the opt-out decision on vital European Union justice and police co-operation measures. UK ministers have indicated that they are minded to opt out of those measures, but have not indicated which measures they might opt back into or what alternative arrangements, if any, will be available to bring cross-border criminals to justice. We have highlighted to UK ministers specific examples of cases in Scotland where the European arrest warrant has ensured that people accused of serious crimes, including murder, who had fled abroad, were brought to justice swiftly and efficiently, and we oppose strongly any decision by UK ministers that puts those arrangements at risk.

**Colin Keir:** Given that I wrote to Theresa May last November and have so far received no reply, I ask the Scottish Government what discussions have been had with the secretary of state on Westminster's proposed opt-out. Moreover, what financial or other impacts will such a move have on UK or Scottish taxpayers?

**Kenny MacAskill:** I wrote to UK ministers in April, August and November last year to express our strong interest in the opt-out decision; in November I also raised concern about the lack of prior notification of the Home Secretary's statement about the opt-out on 15 October.

In January, I met Home Office minister James Brokenshire to further emphasise our concerns, and officials have requested sight of any analysis that UK officials have prepared about the opt-out's impact. It is not possible to know what its practical and financial implications might be until UK ministers confirm which measures, if any, they might opt back into and what alternative bilateral

arrangements they plan to put in place following an opt-out.

I hope that the issue causes as much concern right across the parliamentary chamber as it is causing across the judiciary, those involved in prosecution, those involved in defence and others involved in law enforcement and the judicial system in Scotland.

### Independence (Income Tax Rates)

**2. Neil Bibby (West Scotland) (Lab):** To ask the Scottish Government what the rates of income tax would be in an independent Scotland. (S4O-01946)

**The Cabinet Secretary for Finance, Employment and Sustainable Growth (John Swinney):** The Scottish Government will reach a view on the appropriate level for the rate of income tax when the time comes to set the rate.

**Neil Bibby:** On the day we finally get an answer about when the referendum will take place, I thought that we might have got a more detailed response than that about income tax. The Scottish National Party wants a reduction in corporation tax, and John Swinney has previously said that taxation will not rise, whereas Nicola Sturgeon has said that taxes could go up to pay for more benefits. Both cannot be right—and neither can Joan McAlpine when she says that she wants Scandinavian tax levels. Will the cabinet secretary tell us which it is? Will income tax go up or down in an independent Scotland?

**John Swinney:** I find it very interesting that Mr Bibby is now planning on the basis that an independent Scotland will be required to set rates of income tax. I am very encouraged by his admission that it is all over for the bitter together campaign of which he has been a part; it is certainly a very encouraging start to the discussion. *[Interruption.]*

**The Presiding Officer (Tricia Marwick):** Order.

**John Swinney:** Of course, Mr Bibby should take into account the fact that Scotland's public finances are stronger relative to the rest of the United Kingdom and that we contribute more to the UK than we get in return. On that basis, I think that people in Scotland can have real confidence that an independent Scotland would be able to manage its tax affairs and public finances much more effectively than any UK Government has ever been able to.

### Bedroom Tax (Help for Tenants and Social Landlords)

**3. Margaret McDougall (West Scotland) (Lab):** To ask the Scottish Government what steps it has taken to help tenants and social landlords

affected by the so-called bedroom tax. (S4O-01947)

**The Minister for Housing and Welfare (Margaret Burgess):** The Scottish Government is taking all reasonable action that it can. We have written to the United Kingdom Government on numerous occasions since December 2010 to protest at the imposition of a measure that is neither supported nor warranted in Scotland. I put our objections in the strongest terms to Lord Freud when we met only two weeks ago.

In January, we announced a £5.4 million package of funding to help front-line advice services as they support people, individuals and families who face the reality of the cuts. We will also make £2.5 million available for social landlords to help to ensure that their tenants have the advice and support that they need. We are also providing a £590,000 training, guidance and support package to boost the capacity of social landlords and homelessness prevention services to deal with housing benefit reforms.

I set all that out in a letter that I recently sent to social landlords. In that letter, I encouraged landlords to follow the example of Dundee City Council, which has agreed to use all legitimate means to collect rent due, except eviction, for people who are in rent arrears because of the bedroom tax, after the director of housing has examined individual cases. I also highlighted the flexibility that exists in housing benefit legislation for reclassifying bedrooms.

**Margaret McDougall:** Although the Scottish Government is providing some funding to advice agencies to help tenants who are affected by the bedroom tax and universal credit, other measures are available to it that could also be of help.

In the short term, it could provide a separate fund to councils to top up the discretionary housing payment so that they can help tenants to bridge the gap caused by the bedroom tax. It could also fund credit unions to advertise the benefits of budget accounts—or jam-jar accounts, as they have become known—and boost their uptake or to provide incentives to help people open such accounts.

In the longer term, given the low levels of housing stock that are available, will the Scottish Government take the sensible step of increasing the funds that are available for the construction of social housing as a more permanent solution to the problems that social landlords and tenants face?

**Margaret Burgess:** The Scottish Government opposes the bedroom tax and is arguing to have it scrapped. That is the only solution to the bedroom tax, and Margaret McDougall knows that well.

Perhaps Margaret McDougall should know that discretionary housing payments are a social security matter and therefore reserved. Also, there is a limit to discretionary housing payments so, even if councils topped them up to the maximum, Scotland would still be £40 million short. That is not the solution.

The solution is to stand shoulder to shoulder with the Scottish Government in taking to the UK Government the case for scrapping the bedroom tax and, if that cannot happen, to fight for more discretionary housing payments. Alternatively, Margaret McDougall should join us and vote yes in the referendum.

#### **Bedroom Tax (Impact on Social Landlords)**

**4. Annabelle Ewing (Mid Scotland and Fife) (SNP):** To ask the Scottish Government what recent contact it has had with social landlords about the impact of the so-called bedroom tax. (S4O-01948)

**The Minister for Housing and Welfare (Margaret Burgess):** As I just stated, I wrote to all social landlords last weekend to remind them of the action that the Scottish Government is taking in respect of the bedroom tax and wider welfare reforms, and to highlight actions that they may wish to consider to help tenants who are due to be affected.

The Scottish Government and Convention of Scottish Local Authorities joint housing benefit reform group met on Friday. Members include a range of landlord and, indeed, tenant representatives. We established the group in autumn 2010 when the United Kingdom Government first announced its welfare reforms. The group has met 14 times since then, sharing information and discussing ideas on how to reduce the impact of the welfare reforms.

**The Presiding Officer:** I call Patrick Harvie.

**Annabelle Ewing:** Do I get a supplementary question?

**The Presiding Officer:** Sorry—I call Annabelle Ewing.

**Annabelle Ewing:** Thank you, Presiding Officer.

It is clear that the tax emanates from the UK Government—the Tory-Liberal coalition Government in London. It is a pernicious tax, because it will hit some of the most vulnerable members of our society. Will the minister clarify the position with respect to kinship carer tenants?

**Margaret Burgess:** I agree with the member that the bedroom tax is one of the most pernicious legislative measures that the UK Government has ever introduced, but I am pleased to be able to

inform her that, following concerted pressure from the Scottish Government, the Department for Work and Pensions has now confirmed that formal kinship carers will be exempted from the tax. That is a welcome concession by the UK Government, but I will continue to make the case for each and every person who looks set to be penalised until the bedroom tax is scrapped altogether.

**The Presiding Officer:** Patrick Harvie—this time.

**Patrick Harvie (Glasgow) (Green):** To a certain extent, I am disappointed by the minister's responses on the issue so far. Some councils have decided that they will disregard the proportion of arrears that arise because of the bedroom tax. Does the Scottish Government not accept that it can support them financially to do that? That is not a reserved issue, and the Scottish Government has a responsibility to act.

**Margaret Burgess:** The Scottish Government is doing all that it can within its devolved powers to help those who will suffer as a result of the bedroom tax. We have pointed out the limitations of discretionary housing payments and how assistance can be provided with that. We have also encouraged local authorities and landlords to look at how they can manage sympathetically the rent arrears that may accrue because of the bedroom tax, but I think that Patrick Harvie should join me and the whole of civic Scotland in taking the case to Westminster, where the problem lies.

**Malcolm Chisholm (Edinburgh Northern and Leith) (Lab):** I hope that the minister can do something to top up discretionary housing benefit, but an issue that I raised in last week's early years debate was the case of an absent parent who looks after children at, say, the weekend. They, too, will be caught by the bedroom tax. Will it be possible to take some action, in the interests of family policy, to deal with that situation?

**Margaret Burgess:** We are looking at all situations. The concern that Malcolm Chisholm raises is a legitimate one. The situation that he identifies is just another example of circumstances in which families will be affected by the bedroom tax. We are addressing issues as we find them, as we have done with kinship carers. We have also had concessions on foster parents and veterans. We will continue to look to assist anyone who is affected by the bedroom tax.

I would have liked it if the Labour Party could have stood shoulder to shoulder with the whole chamber against Westminster on the bedroom tax. Labour has picked the wrong target this time. The target as far as the bedroom tax is concerned is the UK coalition Government, not the Scottish Government.

**Christine Grahame (Midlothian South, Tweeddale and Lauderdale) (SNP):** I advise the minister that Scottish Borders Council has told me that it will receive £170,000 for the discretionary fund. It is providing a top-up of £60,000 because, as we know, the fund is capped, yet that will not meet even half the need. Does she agree that there is no way in which the issue can be resolved without independence?

**Margaret Burgess:** Yes, I agree with Christine Grahame on that. The UK Government seems unconcerned about the matter.

As I said, I would have thought that all parties in the Parliament would have joined together in opposing the bedroom tax. At the Liberal Democrats' conference at the weekend, we had the absolutely nonsensical situation whereby their members in Scotland all opposed the bedroom tax and the only Liberal Democrats who seemed to support it were those who were elected to represent the people. I find that position sad.

#### **Air Services (Skye)**

**5. David Stewart (Highlands and Islands) (Lab):** To ask the Scottish Government what plans it has for the future of air services from Skye. (S4O-01949)

**The Minister for Transport and Veterans (Keith Brown):** The Scottish Government has no plans for future air services from Skye.

**David Stewart:** The minister will be well aware of the "Skye Air Services Feasibility Study", which predicts an "unconstrained" demand for air services from Skye to Glasgow and Edinburgh of more than 21,000 passengers per year. Does the minister share my enthusiasm for the boost that such services could provide to the business, domestic and tourism markets? It could provide a future in which the sky is the limit for Skye.

**Keith Brown:** I accept that the study to which David Stewart refers raises a number of interesting questions. Previous studies have given figures of up to £48 million for the cost of upgrading the airstrip.

It is true to say that the study mentions the fact that such services might be included within the air discount scheme, but that would depend on much higher levels of demand than the study shows. It would also have the effect of substantially reducing the subsidy to the service.

We will consider the matter, if we are approached by Highland Council. That has not yet happened. However, we must recognise that any discussion would take place against the current background of financial constraint and an understanding that the Scottish Government is not

prepared to take on new funding commitments at this time.

**Dave Thompson (Skye, Lochaber and Badenoch) (SNP):** The minister has previously told me that, as he just said, he is happy to meet Highland Council to discuss the fly Skye project, which would boost the Skye and Lochalsh economy by about £6 million a year. Will he give me an update on where he is with that? I am slightly disappointed that the council has not been in touch with him so far.

**Keith Brown:** I know of no approach from Highland Council, although I will meet the council's leader soon. I will check whether that is still the case or whether something has been received in recent days.

As I said, I am more than happy to discuss the issues but, to take the project forward, the council will be required to find the subsidy level that we require to sustain such a service. In the meantime, I am more than happy to discuss the subject.

### Engineering

**6. John Scott (Ayr) (Con):** To ask the Scottish Government what it is doing to promote engineering as a career choice for men and women. (S4O-01950)

**The Minister for Learning, Science and Scotland's Languages (Dr Alasdair Allan):** The Scottish Government firmly believes that science and engineering are key to achieving the overall purpose of creating a more successful Scotland. To that end, we provided £1.9 million for the academic year 2012-13 to support an additional 300 funded university places, which will increase to 1,200 additional places by 2015-16; Skills Development Scotland and Scottish Enterprise are developing an engineering skills action plan, which will be prepared by mid-July 2013; and we have provided £250,000 to establish careerwise, which is targeted at attracting more women to the sector. In addition, we have provided £25,000 to the Engineering Development Trust this year to support its Go4SET programme for Scottish secondary schools.

**John Scott:** I thank the minister for his comprehensive answer. He will be aware of the successful science, technology, engineering and mathematics programme and the Scottish space school programme that the University of Strathclyde runs to encourage school leavers into engineering. However, companies in Ayrshire—and, I believe, across Scotland—are being held back by a lack of availability of engineering graduates. As Professor Matthew Harrison of the Royal Academy of Engineering recently noted,

"Engineering firms are crying out for engineers. They can't get the people they need."

Although I accept the minister's reply, can we expect, and can he encourage, a renewed emphasis on delivering more engineering courses at higher education and further education levels to help our economy and provide high-value jobs and careers for our young people?

**Dr Allan:** I certainly agree with the member about the need to promote engineering as a career. I outlined some steps that have been taken on that. I also made the point that we have increased the number of places that are available for people to study such subjects.

An important point is that, if we are to exploit Scotland's potential as an engineering nation, we must encourage among women the option of engineering as a career. A great deal of effort is made to that end in schools.

### Sustainable and Renewable Energy (Manufacturing)

**7. Colin Beattie (Midlothian North and Musselburgh) (SNP):** To ask the Scottish Government how it will strengthen the shift towards sustainable and renewable energy use in the manufacturing sector. (S4O-01951)

**The Minister for Energy, Enterprise and Tourism (Fergus Ewing):** We place great importance on the use of sustainable and renewable energy in Scotland, from manufacturing across a range of sectors and activities. The shift to renewable energy will also result in lower energy bills for the manufacturing sector than would come from continued reliance on fossil fuels. From 1 April, the new resource efficient Scotland programme will provide tailored support for manufacturing and other business sectors to maximise the benefits of resource efficiency.

**Colin Beattie:** Does the minister agree that clear benchmarks are essential to measuring success in transitioning to energy efficiency? Has the Scottish Government considered the type of measurements that should be used to track positive shifts towards clean energy?

**Fergus Ewing:** Yes, I do, and yes, we have. Just yesterday, I presented certificates to about 40 businesses and public sector organisations that have massively cut their energy bills and reduced emissions. One of them—the Glenuig hotel—cut its energy bills by a massive 85 per cent. Renewable energy use can be of immense value not only in protecting the environment but in cutting business costs at a very difficult time.

**The Presiding Officer:** Very briefly, Jamie McGrigor.

**Jamie McGrigor (Highlands and Islands) (Con):** What can the Scottish Government do to



ensure that turbines for hydro and wind power are manufactured in Scotland instead of imported?

**The Presiding Officer:** Briefly, minister.

**Fergus Ewing:** We will continue to promote the pro-renewable energy policies that the Government supports—with faltering and wavering support from Jamie McGrigor's party, the Conservative Party.

I am delighted that Gaia-Wind, which is located in Glasgow, is a world award-winning manufacturer of small turbines. Other turbines are also manufactured in Scotland. With our unequivocal, clear and strong leadership—unmatched by the Conservative Party—we will continue to add to the 11,000 jobs in Scotland that are supported by renewables.

## First Minister's Question Time

12:00

### Engagements

**1. Johann Lamont (Glasgow Pollok) (Lab):** To ask the First Minister what engagements he has planned for the rest of this hugely historic day. (S4F-01266)

**The First Minister (Alex Salmond):** I will be making a parliamentary statement on Scotland's referendum, which will include the date on which the people of Scotland will be able to decide their own future.

**Johann Lamont:** This week, John Swinney defied the First Minister in a key policy: he actually answered a question. John Swinney said that a separate Scotland would consider no currency option other than the pound sterling. That would, of course, put Scotland in a very weak negotiating position with the rest of the United Kingdom and the Bank of England if there was a yes vote, with nowhere else to go.

Presiding Officer, you will know that I am an eternal optimist, and we all live in hope. *[Interruption.]* In fact, I am such an optimist that I even harbour the hope that, at some point, a Scottish National Party back bencher will do something other than shout to order. *[Interruption.]* Will the First Minister—*[Interruption.]*

**The Presiding Officer (Tricia Marwick):** Order.

**Johann Lamont:** Will the First Minister tell the people of Scotland what his plan B is if the deal that the Bank of England offers is bad for the country?

**The First Minister:** I think that Johann Lamont describing herself as “an eternal optimist” constitutes misleading the chamber. *[Interruption.]*

**The Presiding Officer:** Order.

**The First Minister:** Johann Lamont has many outstanding qualities, but she is not a ray of sunshine when she comes before us.

As Johann Lamont should well know, the Government's policy on a sterling area for an independent Scotland was set out in huge detail by the fiscal commission. We discussed the matter last week, and the policy has not changed over the past week. That is the policy, which has been hugely considered. We think that it is the best option for Scotland, and I suggest that, at last, Johann Lamont should read the report and try to digest what it says.

**Johann Lamont:** It is the First Minister who has form on misleading the chamber, not me. True to

form, he did not, of course, answer the question that was asked.

I agree with the First Minister that George Osborne is bad for Scotland, but I just do not understand why he thinks that George Osborne would be good to Scotland if we left the United Kingdom.

Let us look at the First Minister's negotiating skills. We should remember that, when Westminster offered to give him the power to hold the referendum, he said that that was an attack on Scottish democracy. He then backed down on having his own electoral commission, he backed down on having a second question, and he backed down on spending limits. He then called the climbdown "the historic Edinburgh agreement".

It is clear that the First Minister has shown his hand to George Osborne. Will he now tell the people what the Bank of England would control if there was a separate Scotland?

**The First Minister:** I think that Johann Lamont being depressing before the event—in suggesting that we could not organise the referendum, that there would not be an agreement, and that there would be all sorts of difficulties—is part of her nature. However, on being depressing after the event, the Edinburgh agreement is agreed, we are about to announce the referendum bill and the date of the referendum, and Scotland's referendum will have the highest standards of democratic legitimacy in international terms. What possible justification does the Labour Party have for being negative about the agreement and what we are about to announce?

I know that it must be an awful disappointment to the Labour Party that none of the extraordinary difficulties that it forecast has come to pass, but, on this day, let us welcome the fact that that agreement has come forward and that Scotland will have the right to choose its own future.

I agree that the chancellor controls Scotland. Johann Lamont says that she is opposed to that—as I am—but I wish that she would tell her colleague Gordon Banks, who on television last night, when faced with a choice on whether to condemn the cut in Scotland's resource that is happening this coming year, decided instead to side with the Conservative Party.

Basically, there is a difference between monetary and fiscal policy. In fiscal terms, last year for example, Scotland would have had the opportunity to take advantage of the £4.4 billion relative surplus, which is £800 for every man, woman and child. In anyone's terms, that is a major advantage and freedom for the people of Scotland to have.

**Johann Lamont:** I found it astonishing last night that Stewart Hosie supported the Tories in cutting corporation tax.

Yesterday, Joe FitzPatrick said that today was going to be a "historic" day, but that clearly does not reach as far as the First Minister ever answering the question that he is asked. The First Minister does not like George Osborne, but he is saying that, in an independent Scotland, George Osborne would have more power here than he currently has.

**Members:** Oh!

**Johann Lamont:** Of course he would, because the First Minister is relying—[*Interruption.*]

**The Presiding Officer:** Order!

**Johann Lamont:** The First Minister has said that he will rely on sterling and has no plan B. That is not a strong negotiating position.

Ultimately, the First Minister is saying that the people of Scotland just have to take his word for it that everything will be fine. Let us therefore look at the First Minister's record on keeping his word—and I am not talking just about giving the most accurate answer ever given to any Parliament anywhere.

Last year, at his party conference, the First Minister promised the best childcare package anywhere but, a year on, not one more childcare place has been created as a result of that announcement. Last year, he boasted about hospital waiting times, but we now know that the figures were fiddled. Do members remember when he told the people of Glasgow how they were going to vote weeks before the polls opened? That turned out well. Does the First Minister understand why an increasing number of people simply do not believe a word that he says?

**The First Minister:** I have a whole menu to select from on a variety of subjects, but let me return to what I think Johann Lamont's question was about, which is monetary and fiscal policy.

Monetary policy is controlled by the Bank of England, which is an independent operation, and fiscal policy is controlled by the Chancellor of the Exchequer. I thought that that point would be well understood, because the Labour Party and the other Opposition parties at Westminster had been arguing for a change in fiscal policy yesterday. Unfortunately, that major and significant change did not come about.

The big advantage of controlling our own fiscal policy is that, in an independent Scotland, the Parliament, on behalf of the people of Scotland, would have control over taxation and spending. That would include the ability to mobilise the relative surplus, which was £4.4 billion last year,

and put it to the advantage of the Scottish economy, by saving for the future or by bringing about the transformation in the Scottish economy that everyone supports. That is the advantage of controlling our own fiscal policy.

On the range of policies that the Labour Party has attacked and that the Government has carried through, Johann Lamont is doing nothing different from what her predecessors did in the previous session of Parliament. Time after time, they said, "Look, this isn't working and that's not working." Yet, when it came to the people's judgment two years ago, the people of Scotland looked at the incredible negativity of the Labour Party and its lack of ambition, ideas and thoughts for the future, and then they looked at the track record, team and vision of the Government and they returned us with an overwhelming majority.

**Johann Lamont:** The First Minister started to answer the question that I asked previously. I asked about his record on waiting times and childcare, but he started talking about something else. There is nothing more cynical in government than, when challenged about what is happening now, saying that it will all be right at some point in future if we could just have independence. That is cynicism.

This afternoon we will find out whether the First Minister did tell Rupert Murdoch the date of the referendum first or whether he gave Rupert one of the most accurate tip-offs ever given to any newspaper proprietor, anywhere. We will find out how long Scotland is to remain on pause while the First Minister tries to sell Scots a deal that Scotland rejects.

What we have now is Scotland on pause: a Scotland with 120,000 fewer students in our colleges, a Scotland with pensioners languishing on trolleys in hospital corridors—

**Members:** Doom and gloom!

**The Presiding Officer:** Order.

**Johann Lamont:** I will try again, because it is true. We have a Scotland in which pensioners are languishing for hours on trolleys in hospital corridors, without getting treatment. We have a Scotland that is suffering from Tory cuts, which the First Minister doubles—[*Interruption.*]

**The Presiding Officer:** Order.

**Johann Lamont:** A Scotland that is suffering from Tory cuts—[*Interruption.*] I will just wait until you are quiet, and then I will say it so that you can hear it—that worked when I was in the classroom and there is no reason why it should not work now. I do not know what time the bell goes. [*Laughter.*]

I will say it again: a Scotland suffering from Tory cuts that the First Minister doubles and passes on to our communities.

When Scotland rejects him, how will the First Minister explain to the student, the pensioner and the patient why he wasted so many years concentrating on his obsession and not on their needs?

**The First Minister:** I really think that it is difficult for the Labour Party to complain about Tory cuts in Scotland when they are in alliance with the Conservative Party in an attempt to deny Scotland the right to determine its own future.

On nursery education, we are moving to 600 hours for three and four-year-olds in Scotland—[*Interruption.*]

**The Presiding Officer:** Order.

**The First Minister:** We inherited 412 hours from the Labour-Liberal Democrat coalition. That seems to me to be, in anyone's terms, a substantial improvement for the people of Scotland.

We have guaranteed and delivered real-term spending for the health service in Scotland—something that would not have been done by the Labour Party if it had come to power in Scotland and which was not done by the Labour Party in Wales.

This very week we have seen important reductions in youth unemployment, which is down by 8 per cent—a third—over the past year. Yet Labour spokesmen, such as Jenny Marra just two days ago, talk about youth unemployment in Scotland at 25 per cent. It is down to 17 per cent, which is still far too high but is a dramatic improvement over the past year. Either Labour does not know that that has happened or it prefers to portray the rate as 25 per cent, as if the improvement and guarantees to young people had never happened.

Those are all improvements under devolution. Not to understand that, when Westminster sets the budget of Scotland and, as it did yesterday, cuts the budget of Scotland, this devolved Parliament cannot manufacture finance from nowhere, as Westminster is in control of our budget, is to misunderstand the basic challenge in Scottish politics.

This week, Labour abstained on workfare in the House of Commons, it abstained on Trident in this very chamber and it even abstained on the Iraq war in this very chamber. What Scotland needs is a Government that does not abstain but which takes control of the fiscal policy of Scotland and takes us forward into a prosperous and just future.

### Secretary of State for Scotland (Meetings)

**2. Ruth Davidson (Glasgow) (Con):** To ask the First Minister when he will next meet the Secretary of State for Scotland. (S4F-01261)

**The First Minister (Alex Salmond):** No plans, near future.

**Ruth Davidson:** I invite the First Minister to join me in congratulating the chancellor on scrapping the fuel duty rise, again cutting corporation tax, to 20 per cent—a rate that is not unadjacent to what the First Minister is looking for—and for lifting 224,000 Scots out of income tax altogether.

Yesterday there was a row over help in the budget for house-hunters, in the form of loans and equity, to get people on to the property ladder. The Scottish Government has trumpeted on many occasions the £200 million that it has put into housing since the spending review. Can I ask the First Minister whether any of that money is in the form of loans and equity?

**The First Minister:** We have a loans and equity scheme in Scotland, but that is not what the row to which Ruth Davidson referred was about. The row was about the Treasury and the Scotland Office trying to portray yesterday's budget as providing an increase in the ability of this Government to spend on infrastructure and capital spending. In fact, what we found very quickly was that far from it being an increase, it was a £50 million cut in this coming financial year, for which budgets have already been set for the health service, across the agencies, and for police, fire and local government. For everybody in Scotland we have to find a £50 million cut in this coming financial year as a result of what the Treasury was doing by sleight of hand.

I can demonstrate that that was not just intended to mislead this Government and the people; it actually misled some of Ruth Davidson's colleagues in the Conservative-Liberal alliance in this chamber. Given that, will the Conservative Party join us in saying that it is not a good idea to cut £50 million this coming year—£90 million over the next two years—of hard cash from the Scottish budget, cash that has already been allocated to spending departments around the country? Will Ruth Davidson come forward with her party's suggestions for where the cuts can be found?

**Ruth Davidson:** However much the First Minister complains now, however much John Swinney complained yesterday, adding revenue and capital together, £176 million came to Scotland yesterday as a result of that budget. [Interruption.]

**The Presiding Officer:** Order.

**Ruth Davidson:** The First Minister was very keen to get away from the question that I asked

him about equity spending and loans for housing. Of the £200 million that this Government has trumpeted since the spending review period, £42 million has been in loans and equity.

In September, we heard from Alex Neil that increasing shared equity was

“good news for households and families”

which would

“help people on moderate to low incomes across Scotland get on the property ladder.”

Yesterday, the finance secretary said that it was “funny money”, “deceitful” and “baloney”. Six months ago, the same UK cash for shared equity was good news, but in referendum-date week it is described as “deceitful”.

There is a quarter of a billion pounds on the table. Will the First Minister keep playing political football with it, or will he get on, use it and help people get on to the housing ladder in Scotland?

**The First Minister:** I will point out a number of things to Ruth Davidson. First, in terms of the overall impact of the budget, there is work that shows that the cuts in child benefit, child tax credit, working tax credit, housing benefit, council tax benefit, disability living allowance, employment and support allowance and child trust funds more than overpower any help that has been given over since 2010 by the Westminster Government. In fact, for the bottom households—households of two adults and two children on an income of £20,000—the impact, taking everything into account, is 3.4 per cent of their income, or £800 per household. That takes into account the Liberals' claims on personal tax allowance—it takes everything into account. I do not think that that is a record that any coalition Government should be proud of.

As I tried to point out to Ruth Davidson, what we are complaining about is the hard cash cut to the budget this year and next. I said that I would demonstrate beyond any doubt that that had misled, or was intended to mislead, people. I can say exactly why. Michael Moore's statement that we would have increased spending power came out at 1.46 pm and, by 3.11 pm, there was a press statement by the Liberal Democrats—never to be beaten in getting their press statements out—that we should spend the additional money on infrastructure in the north-east of Scotland, such as additional road and rail. One cannot spend financial transactions on road and rail investment. Financial transactions are loans that have to be paid back. The cuts that are coming are hard cash cuts that will have to come off departmental or local government budgets in Scotland.

Instead of just saying, “We are putting forward this idea in the housing market”—which of course

we will try to turn into an increase in houses, not just house prices—Ruth Davidson should say what the reason was for portraying that as something that Willie Rennie was deceived into believing could transform the road and rail infrastructure of the north-east of Scotland. *[Interruption.]*

Ruth Davidson is taking no responsibility for Willie Rennie. I thought that Danny Alexander and George Osborne were at one yesterday in portraying this. The truth is that the Tories tried to persuade people that loans were actually hard cash, but they cut the cash available to public services in Scotland, just as they have cut the cash to ordinary working families in this country. Believe me, that is nothing to be proud of.

#### **International Development Fund (Support for Malawi)**

**3. Christina McKelvie (Hamilton, Larkhall and Stonehouse) (SNP):** To ask the First Minister how the Scottish Government is using its international development fund to support Malawi. (S4F-01275)

**The First Minister (Alex Salmond):** I know that many members took part in this week's commemorations of the bicentenary of David Livingstone. On Sunday I had the privilege of welcoming Her Excellency President Joyce Banda to Scotland for the first engagement of her visit, which was fittingly held in the David Livingstone centre in Blantyre. As part of that day's events President Banda presented the communities league cup and we were also pleased to announce nearly £5 million of funding for 15 projects in Malawi, for the Malawi development programme. They will focus on healthcare and economic growth, and will use the existing strong links between educational institutions, healthcare providers and third sector organisations in our two countries.

**Christina McKelvie:** This week, I have had the great privilege of spending time with the hon Albert Thindwa MP, my Malawian parliamentary pair. One of his priorities is education, especially for girls. Given that extreme poverty in countries such as Malawi impacts on women and girls more severely than men and given that the majority of the world's poor are female, can the First Minister confirm that the Scottish Government's action on international development will reflect that?

**The First Minister:** Yes; I can. We should note again that two of our colleagues have been in Malawi this week to renew their relationship with the people and politicians of Malawi. Christina McKelvie is correct to say that, all too often, women and girls bear the brunt of extreme poverty. For example, every day 800 women around the world die from pregnancy and childbirth complications. The huge majority of

those deaths in developing countries are preventable, which is one of the reasons why our latest round of funding for Malawi includes more than £1 million for three projects that target maternal healthcare. The funds will support training for clinical professionals and help improve maternal health in some of the most remote rural areas of Malawi. I know that those efforts have all-party, cross-party support—I hope that they have unanimous support—in this chamber, just as President Banda was welcomed by us all on Tuesday.

**Patricia Ferguson (Glasgow Maryhill and Springburn) (Lab):** The work that successive Scottish Governments have carried out in partnership with the Malawian Government, Scottish non-government organisations and others has indeed been something of which we can all be proud.

Of course, this week we have been celebrating David Livingstone, who was a medical missionary and a pioneer in treating and identifying tropical disease. In his bicentennial year, it seems that the most fitting tribute that we could offer him would be to redouble our efforts to help combat the diseases that killed David and Mary Livingstone and which tragically continue to devastate the continent to this day. Does the First Minister agree?

**The First Minister:** Yes. I accept that and I welcome and appreciate the all-party nature of support for not just the international profile of the Scottish Government and Parliament in Malawi, but the extension of the international aid programme, which I know that Patricia Ferguson supports. She makes an excellent point; in celebrating the bicentenary of David Livingstone, part of the legacy is to understand the full nature of his efforts.

One thing that stands out in terms of how people remember that legacy is his campaign—his crusade—against slavery. That is part of his legacy and our heritage, as well as the medical improvements and innovations of which Patricia Ferguson speaks.

#### **United Kingdom Budget 2013**

**4. John Mason (Glasgow Shettleston) (SNP):** To ask the First Minister what the Scottish Government's response is to the 2013 United Kingdom budget. (S4F-01274)

**The First Minister (Alex Salmond):** If last year was the omnishambles, this year was the tartan shambles, because of the deceit in the suggestion that a £50 million cut in departmental budgets was actually an increase in discretionary spending in Scotland. Those claims were incomprehensible

and were revised later in the day by the Scotland Office.

All that poses serious questions for those Opposition parties that keep demanding extra spending by the Scottish Government, with apparently no realisation that the purse strings in this Parliament are currently controlled by the UK Treasury. That is exactly why we need control of these commanding heights of fiscal policy.

**John Mason:** How does the First Minister react to the chancellor and the Office for Budget Responsibility's idea that the oil that we have in the North Sea is not really worth very much these days?

**The First Minister:** The extraordinary argument of some parties in this chamber—that nuclear weapons in Scotland are a tremendous asset and North Sea oil and gas are a tremendous liability—is strange. I think that most folk in Scotland would see our oil, gas and energy reserves as a tremendous asset and the concentration of weapons of mass destruction as the big liability.

**Neil Findlay (Lothian) (Lab):** By how much more than George Osborne has done would the Scottish Government cut corporation tax in a separate Scotland?

**The First Minister:** I sat in the House of Commons during Gordon Brown's terms as Chancellor of the Exchequer and Prime Minister and saw progressive cuts in corporation tax by the Labour Administration. If Neil Findlay is denying that he thought that those cuts were a good and sensible idea, he should perhaps send an email to Gordon Brown to say so. *[Interruption.]*

**The Presiding Officer:** Order.

**The First Minister:** Every economic and social policy that we devise for an independent Scotland will be designed to do two things: increase the wealth of the country, and increase the fairness and equity in this country. That is exactly why we do it.

**Patrick Harvie (Glasgow) (Green):** Whether the right-wing rhetoric of continual corporation tax cuts and giveaways to big business comes from the Tories, the Liberals or new Labour, it is deeply disappointing that the First Minister and his colleagues can only echo it. Does the First Minister not see that those wealthy, tax-dodging corporate interests have had it their own way for far too long under successive Governments, and will he drop this absurd idea of cutting corporation tax even further in an independent Scotland?

**The First Minister:** Patrick Harvie and I, today of all days, will not have a huge disagreement, but I will say that prosperity and equity should go together in terms of our policies for Scotland, and we should ensure that the policies that we devise

are designed to increase the wealth and the health and welfare of the country.

Of course, Patrick Harvie will have noticed that one of the Nobel laureates on the Scottish Government's fiscal commission is Joseph Stiglitz, who makes exactly the point that the most wealthy countries across the globe are also those that value social equity. If Patrick Harvie and I pay close attention to Joe Stiglitz's strictures on those matters, we will not go far wrong in our alliance.

**Gavin Brown (Lothian) (Con):** Housing loans and equity funding were criticised heavily by a rather statesmanlike John Swinney yesterday. However, can the First Minister tell us why loans and equity for funding are not classed as real money when they come from the United Kingdom Government, but are enthusiastically included as real money when the Scottish Government quotes its housing spend figures?

**The First Minister:** Because we do not pretend that there is not a cut in spending when there is. *[Interruption.]*

**The Presiding Officer:** Order.

**The First Minister:** I look forward to the next time that Gavin Brown is allowed to go to the Conservatives' front bench and can tell us all the things that we should spend money on. I look forward to him telling us how this latest cut to the Scottish budget is going to be financed and portrayed.

What we see from Labour, the Tories and quickest of all from the Liberal Democrats is a tremendous anxiety to spend money that Westminster is not providing in the Scottish budget, but no enthusiasm whatsoever to tell us how we can accommodate the real-terms—and now monetary-terms—cuts that we see in the Scottish budget. The failure to appreciate that basic lesson is perhaps one of the reasons why the unionist parties are united in not understanding the necessity, importance and urgency of this country having control of its own resources.

#### Medical Secretaries

**5. Dr Richard Simpson (Mid Scotland and Fife) (Lab):** To ask the First Minister what impact reported reductions in the number of medical secretaries are having on patient care. (S4F-01268)

**The First Minister (Alex Salmond):** The Cabinet Secretary for Health and Wellbeing has sought assurances that NHS Greater Glasgow and Clyde is taking seriously the concerns that have been raised by consultants. Directors of the board met clinicians and representatives last week and committed to working with them to improve the turnaround in correspondence, to review

productivity and ways of working and to incorporate lessons that are learned from the implementation of the TrakCare patient administration system as it is rolled out across the health board and the city.

**Dr Simpson:** Medical secretaries are vital to high-quality care. They deal not only with letters but with communication with primary care staff and patients.

The number of letters that are not being completed in seven days has gone from 13 per cent to more than 80 per cent, and one in four are not completed in 14 days. When Nicola Sturgeon—during her time as Cabinet Secretary for Health, Wellbeing and Cities Strategy—announced a 25 per cent cut in management, did that include band 4 medical secretaries?

I welcome the fact that the health board is now listening, but will the First Minister ask the current cabinet secretary to ensure that the situation is not happening in other boards? I am getting reports that it is, and it is an issue that seriously affects patient care.

**The First Minister:** Management excluded clinical staff; that is the point that the then health secretary was making. Richard Simpson must know that, across the health service and particularly in NHS Greater Glasgow and Clyde, we are moving from having 11 different information technology systems—a situation that was inherited in 2007—to the new TrakCare system. That process undoubtedly has to be managed carefully and properly. Surely no one, least of all Richard Simpson, would deny that that move has to be made, given the criticism that has been made of the current and obsolete IT systems in the health service. Moving to TrakCare is exactly what needs to be done.

As I have said, the Cabinet Secretary for Health and Wellbeing is already in contact with NHS Greater Glasgow and Clyde to ensure that the matter can be dealt with in a way that does not impede the efficiency of the service, least of all patient care.

#### **National Health Service Staff (Whistleblowing)**

**6. Liz Smith (Mid Scotland and Fife) (Con):** To ask the First Minister what the Scottish Government's position is on whether whistleblowing arrangements for NHS staff are adequate. (S4F-01265)

**The First Minister (Alex Salmond):** The national health service has a number of antibullying policies in place. To supplement those, a national confidential alert line will be in place from 2 April. The hotline will allow any member of NHS staff to raise concerns in confidence and to receive advice on how to

proceed independently of the service itself. I am confident that that service will support and enhance existing policies, which all NHS boards in Scotland are required to have in place, by providing an additional level of support for staff.

**Liz Smith:** The First Minister will be aware that, in January, senior surgeons and clinicians at Perth royal infirmary felt the need to state publicly, through the columns of newspapers, their concerns about management decisions in NHS Tayside. He will know that, last week, a group of nurses felt the need to do the same.

Can the First Minister give an assurance that those concerns are being fully investigated? What further steps will be taken by the Scottish Government to ensure that there is a culture of trust and openness within NHS management?

**The First Minister:** Tomorrow, the chief executive will meet elected members to discuss exactly those concerns. He will outline the staffing levels that are in place, which are reviewed regularly in partnership with staff, ensuring that safety is given paramount importance at that hospital.

The initiatives that are being taken, including the helpline, are designed precisely to underpin the confidence and freedom of NHS staff to speak, ensuring that we have a culture of improvement in our health service.

**The Presiding Officer:** That ends First Minister's questions. There will now be a short pause to allow members who are not participating in the members' business debate to leave and to allow the public gallery to clear.

## Scottish Association of Young Farmers Clubs (75th Anniversary)

### The Deputy Presiding Officer (John Scott):

The next item of business is a members' business debate on motion S4M-05536, in the name of Angus MacDonald, on 75 years of young farmers clubs in Scotland. The debate will be concluded without any question being put.

Declaring an interest as a young farmer myself, once upon a time, I invite Angus MacDonald to open the debate.

### *Motion debated,*

That the Parliament congratulates the Scottish Association of Young Farmers Clubs (SAYFC) on its 75th anniversary; understands that this rural-based youth organisation provides a social network for people aged 14 to 30 throughout the country, with over 80 clubs affiliated to it, from Orkney to Dumfries and Galloway; believes that it provides members with education, social integration and community participation; notes that it has gone on to welcome members from non-farming backgrounds since its original motto, Better farmers, better countrymen, better citizens, was first used; understands that SAYFC has established the 75th Legacy Fund, which aims to raise £100,000 for its clubs to use toward development in their areas, and looks forward to SAYFC continuing to make what it sees as a positive impact in rural Scotland for many decades to come.

12:34

**Angus MacDonald (Falkirk East) (SNP):** I should declare a similar interest to yours, Presiding Officer.

I am pleased to have secured this debate, which marks 75 years of the Scottish Association of Young Farmers Clubs. I thank all those members who signed my motion, which received cross-party support, allowing it to be debated in the chamber, and those who have stayed behind for the debate.

This is a year of several milestones in the agricultural sector. The National Farmers Union Scotland is celebrating 100 years, and *The Scottish Farmer* newspaper is celebrating 120 years. In addition to the commemoration of 75 years of the SAYFC, 2013 also sees the celebration of the 90th anniversary of the establishment of the first young farmers club in Scotland: Lannergill young farmers club, which was launched in 1928.

Since its inception on 2 February 1938, the SAYFC has evolved to offer its members a greater and more robust platform for personal development, social adhesion and community participation. The SAYFC's original motto was "Better farmers, better countrymen, better citizens," which is still relevant today. The clubs

have had a great impact on building social communities, engaging and empowering Scotland's youth, and establishing networks for our young people, particularly for our youth in rural communities. With their diverse programmes and wealth of opportunities, the clubs are also of benefit to members from non-farming backgrounds. At present, there are 3,000 affiliated members between the ages of 14 and 30 in the 90 young farmers clubs across Scotland, and new clubs are being formed in more remote areas of Scotland, such as the Western Isles, as the organisation goes from strength to strength.

In addition to providing extensive agricultural education, of which rearing livestock, beekeeping and growing gardens are part, members can participate in a wide range of other pursuits such as sports, performing arts, speechmaking and stock judging, to name just a few. Competitions span from those for netball and football, to those for curling, cabaret and tractor driving. Participation in those activities, performances and competitions has a measurable positive impact at the individual and the group level: it nurtures the development of various personal and highly transferable life skills; it enables lifelong friendships to be made; and, most important, it builds in each member self-confidence in their capabilities.

As I mentioned earlier, the clubs in Scotland date back to the 1920s, when several started up through the influence of the 4-H—hands, head, heart and health—clubs, which were established in America and were gaining popularity in other countries at that time. By 1938, there was a substantial enough number in Scotland for the three agricultural colleges to work together to start up the SAYFC. However, with the onset of war, it was the 1940s before it began to develop fully.

The SAYFC, in its commitment to maintain international links established in the 1960s, continues to administer its international travel programme, which gives young farmers the opportunity to enrich their knowledge and personal development through travelling and learning about different cultures. Not only does the programme enable members to travel to distant lands such as Australia, Canada and New Zealand, it further assists members in acquiring international volunteering and work experience. In addition to enabling Scottish youths to travel abroad, the programme assists in international exchanges in which youths from around the world have the opportunity to visit Scotland. Visitors are hosted by members of the association and travel around various parts of the country while gaining a sense of life in rural Scotland. To complement further the international connectivity of the organisation, SAYFC is affiliated with Rural Youth Europe, which provides international training opportunities



and events for the exchange of ideas and best practice among rural youth organisations across Europe.

Access to a wide range of activities and highly sought-after international travelling opportunities are not the only advantages provided by the organisation. What sets young farmers clubs apart from other youth groups is that they are peer-led organisations: every member contributes to the running and management of each club and to the association as a whole. Members play a crucial part in decision making at the various levels in the SAYFC, with 400 volunteers currently taking up office-bearer positions throughout Scotland. It is a network in which members work for members, ensuring that the young farmers club in existence is the young farmers club that its members desire.

Community involvement is a significant part of the young farmers ethos and members continue to participate in various ways to give back to their communities. The clubs do that constantly. For example, over and above the 3,000 affiliated members, 5,000 young people are positively affected by the young farmers network and thousands more are via the work of the young farmers clubs in Scotland. In addition, young farmers clubs donate £20,000 annually to various charities, further confirming that the beneficiaries of the young farmers clubs extend far beyond their members.

In celebration of the SAYFC's 75th anniversary, an exhibition and concert will be held in the new Scottish Hydro arena in Glasgow in November, with a target audience of 7,000. In addition, various events are being formulated for the Royal Highland Show this year, which is a great opportunity for people to engage with and learn more about the young farmers, and see for themselves the talents of our young people.

The anniversary is a great opportunity for all of us to get involved and hear young farmers clubs' concerns. To mark its 75th year, the SAYFC has launched a legacy fund, and it aims to raise £100,000 for clubs and districts to use for developments in their areas.

A recent survey showed that members of young farmers clubs are increasingly concerned about three main issues—increasing fuel prices, a scarcity of available farmland and the reluctance of banks to lend. The research also identified that young people do not feel that they have the skills or opportunities to influence the future. As a result, the association—with support from other, fellow organisations—hopes to create a platform for dialogue to enable young farmers to voice their concerns about and desires for rural Scotland and make suggestions on how their visions can be achieved. The concerns highlight the fact that Scottish youth are still very much involved in and

concerned about Scotland's agriculture and rural development. It is imperative that we engage in greater dialogue with the SAYFC, where there is a fresh outlook on agricultural policies and motivated individuals who are willing to contribute to achieve a greater Scotland.

The association's work continues to evolve to meet the needs of its members, the communities that they live in and Scotland as a whole. Rural youth should not be disheartened by the current economic climate, and we should support such organisations, which do so much for our rural communities. I encourage members to support our youth and rural communities to help them to continue the great work that they have already achieved and the work that they plan in the future. Once again, I congratulate the Scottish Association of Young Farmers Clubs on achieving 75 years of excellence, and I wish it continued success in the future.

12:41

**Claire Baker (Mid Scotland and Fife) (Lab):** I congratulate Angus MacDonald on securing this debate and on his interesting speech. He has given us all an opportunity to recognise the 75th anniversary of the Scottish Association of Young Farmers Clubs.

Farming and farming communities have come a long way from the clubs' original motto, "Better farmers, better countrymen, better citizens," although the ethos remains. The rural-based youth organisation provides a modern, vibrant, social network of clubs for young people aged 14 to 30 and offers a wide range of activities.

The motion highlights the importance of "education, social integration and community participation".

Rural communities often have poor transport links as well as poor access to facilities and entertainment opportunities for young people. Young people in such communities often travel to high school or college, but they can be quite isolated when they return home. We all know that farming is intensive and all-consuming. By enabling contact with others who are actively engaged in farming, young farmers clubs give young people an opportunity to socialise with others who face similar pressures. I note that, although they are called young farmers clubs, people do not need to be farmers to join.

As well as opportunities for socialising, the clubs offer skills and training and, because they are peer led, members can shape the programme of activities to meet their needs. Looking at the website, I see that they are engaged in things as wide ranging as tug-of-war competitions, go-karting, speechmaking and, recently, a European

vineyard tour. They run a competitive exchange programme, with young people travelling to Canada and America in the coming year. The clubs also provide a focus for involvement in farming through showing livestock as well as learning relevant skills.

We know that the average age of a farmer in the United Kingdom is 58. There are complex reasons for that, but essentially there is a reduced rate of new entrants and a reduced rate of retirement or exit of older farmers. At the recent dinner that was held to celebrate NFU Scotland's centenary, I sat next to a dairy farmer who is based in Fife. He is a few years past conventional retirement age, but he is up every morning when most of us are still in bed. He talked in glowing terms about a young woman who does not come from a farming family but who helps out on his farm, including when they were showing the livestock. He said that she shows a real talent for farming. Her ambition is to be a vet, but I could tell that the dairy farmer thought that she should go into farming.

Going into farming is a difficult road for young people. Although the Scottish Government has announced schemes to support new entrants and a pot of money was recently announced, there are still many barriers for new entrants to farming, including financial barriers, rising land prices and the lack of tenancies and starter units. I was pleased to see yesterday that the proposed deal following the Council of Ministers meeting on the common agricultural policy should include a way of providing additional support for new entrants as well as of topping up support for some recent entrants, although the detail of that is yet to be agreed.

It is also good to see the level of involvement of young women in young farmers clubs. The majority of the recent winners of the international travel exchange programme were women. Farming is traditionally seen as a male occupation, even though many farms have always relied on a partnership and on family effort to make the business successful.

In recent years, there has been an increasing number of examples of women taking a lead in farming. For today's debate I looked through the archives and, in 2010, *The Scottish Farmer* reported—rather tongue in cheek I suspect, or hope—that

"History was made in the SAYFC Stockman of the Year contest at the Highland, when it was won—for the first time ever—by a female!"

It went on to describe the then 23-year-old Ann Laird from West Linton, who won with a convincing lead of 15 points. Ann qualified with a first in animal science at the Scottish Agricultural College in Edinburgh, worked in New Zealand for a year and returned home to join the family business,

milking 500 Holsteins. Maybe there should have been less mock surprise when she won.

I wish the organisation well with raising contributions for its newly launched 75th anniversary legacy fund and look forward to its continuing contribution to rural communities and the lives of young people throughout Scotland.

**The Deputy Presiding Officer:** I call Maureen Watt. You have four minutes or thereabouts.

12:45

**Maureen Watt (Aberdeen South and North Kincardine) (SNP):** Thank you, Presiding Officer. I am sure that you would rather be down here, contributing to the debate, than up there.

I add my congratulations to Angus MacDonald on lodging the motion to congratulate the SAYFC on reaching its 75th anniversary. It is very important to recognise this historic year and the contribution of young farmers clubs to public life in general.

I really enjoyed reading the brochure, "Developing the Youth of Rural Scotland". Although I come from farming stock, I was never a member of a young farmers club. I attended a good few young farmers events, including memorable events such as dinner dances—and yes, I can remember them. I recall my friends travelling many miles to young farmers dances at Echt, which ran some of the best dances in the north-east. I notice from the brochure that Echt young farmers are having a great time to this day.

We note from the brochure that there are 77 clubs throughout Scotland, 18 of which are in Aberdeenshire and Moray, where agriculture is hugely important. It is no accident that there are so many clubs in those two counties. One of those set up in the early days was Keith young farmers club, in whose formation my father and his brother were involved. I know how pivotal those clubs were in giving my father and his brother the confidence to enter public life in other spheres. As many members know, my father went on to become a member of the Westminster Parliament and his brother is a past president of the NFUS.

Many people use the skills, confidence, networks and international contacts gained in young farmers clubs to go on to make a significant contribution to their communities and further afield. Many young farmers go on to become councillors, Burns club stalwarts and effective members of many organisations, including the NFUS. They become effective lobbyists on behalf of the agricultural industry and the rural life of Scotland. I am not sure that the Cabinet Secretary for Rural Affairs and the Environment always appreciates their doing that, but I am sure that on balance he

agrees that those people have a pivotal role in ensuring that agriculture contributes to the economic wellbeing of Scotland.

As other members have said, they also play a pivotal role in agricultural shows throughout rural Scotland—and we know how important those are to the local economy and the tourism industry—not just by producing excellent tug-of-war teams, as my local club Durris tends to do, but in the whole organisation of the event.

One should not underestimate the importance of the international arm of young farmers clubs. I know how many young farmers have spent time in dairy farms in New Zealand, in the vast agriculture and cereal plains of the United States or in developing countries in Africa and elsewhere, and have come back with much more drive and determination than they left with.

As agriculture becomes more mechanised and less labour intensive, the social networking side of young farmers clubs becomes ever more important, not just, as Angus MacDonald mentioned, for those directly involved in the industry but for rural communities in general. Isolation and loneliness in rural areas are a real threat and clubs can combat that. It is heartening to see more clubs coming into being. I am sure that the clubs will have another very successful 75 years.

12:50

**Jamie McGrigor (Highlands and Islands)**

**(Con):** I congratulate Angus MacDonald on securing the debate. I declare an interest: I, too, was a young farmer once. My other agricultural interests are in the register of members' interests.

I warmly congratulate the SAYFC on its 75th anniversary. I also praise the organisations that support the SAYFC, including the Royal Highland and Agricultural Society of Scotland, *The Scottish Farmer*, the Royal Scottish Agricultural Benevolent Institution, CKD Galbraith LLP, British Wool and the Cameron Travel Scholarship Trust.

As young Angus MacDonald has set out effectively, young farmers clubs across Scotland are an extremely important part of rural life and offer an excellent opportunity for young farmers and those who are not young farmers but are interested in the sector to meet others, learn new skills and share experiences.

The SAYFC represents more than 3,000 members, including next-generation farmers, food producers and young rural citizens. Young farmers clubs engage in a wide range of activities, including stock judging, lamb and cattle dressing, sheep shearing, curling, football, shinty, tug-of-war, charity fundraising and performing arts.

Those activities help our young people to develop important interpersonal and team-building skills, as well as expertise that can be used in agricultural work.

I commend the work by young farmers clubs to coach debating. I know that my north-eastern colleague, Alex Johnstone, honed some of his fine debating skills in his young farmers club as a young man. I am also told that he held the club record for consuming the most pints in one sitting.

In my native Argyll and Bute, we have good young farmers clubs in Bute and Campbeltown, and I am delighted that a new Tiree group has started. I was also pleased to learn of the friends of young farmers initiative that aims to keep past members in touch with club activities and to raise funds for club development. I, too, wish the SAYFC every success in raising £100,000 for its anniversary legacy fund.

Angus MacDonald mentioned the fears of young farmers, including about the price of fuel. I hope that they will be happy that the Chancellor of the Exchequer has again cancelled the 3p increase in fuel duty that was due in September.

Yesterday, when I attended the Rural Affairs, Climate Change and Environment Committee deliberations on the agricultural rent review, I asked a witness how more young farmers could be brought into the tenanted sector and what hurdles they faced. Andrew Hamilton, of the Royal Institution of Chartered Surveyors Scotland, specifically mentioned measures in the CAP review that could address the major problem of lack of capital for new farming entrants. Those measures should be followed up.

As a farmer, I know that if my sheep have no lambs, I will have soon have no sheep. We need more young farmers to ensure a vibrant, new farming industry. All members in the chamber support Government action to encourage and support new entrants to farming. Young farmers clubs have an important role to play in nurturing the ambitions of those who want to join our farming sector. We encourage ministers to do all that they can to work with the SAYFC to encourage young entrants, including among those who are not from traditional farming backgrounds.

We wish the SAYFC and its members every success, and we look forward to celebrating many future anniversaries. The association continues to be an important and positive element of Scottish rural life.

12:54

**The Cabinet Secretary for Rural Affairs and the Environment (Richard Lochhead):** I, too, congratulate Angus MacDonald on securing the

debate. It comes as no surprise that the Scottish Association of Young Farmers Clubs is well regarded across Parliament and widely recognised for the key role that it plays in supporting young people in our rural areas. The Deputy Presiding Officer indicated that this is a matter close to his own heart because, like the rest of us, he was young once, too.

The future looks bright for Scotland's young farmers clubs in the SAYFC's 75th anniversary year. With more than 3,000 members and with new clubs continuing to form, the association celebrates its 75th anniversary from a position of strength, and members across the chamber have acknowledged the many valuable roles that it plays. Of course, one of its roles, which we should not forget, is that of marriage bureau; indeed, I was reminded of that on my visit this morning to Whitmuir farm, where I spoke to Jamie Hope, who works there, and his wife Sue, who met more than 25 years ago at a young farmers club meeting.

The association has morphed out of all recognition from its origins as a club where farmers' sons and daughters could meet. It is now a highly modern, efficient and influential organisation, representative of all the youth of rural Scotland. However, I suspect that its agricultural roots are never far from the surface—and nor should they be. Although I am sure that John Robson, founder of the very first Scottish young farmers club, could never have foreseen how things would develop over time, I am also sure that he would approve of what has happened. From those humble beginnings, the association now produces individuals who are capable of representing young farmers on the world stage and provides opportunities and experiences that can last a whole lifetime.

Of course, 75 years is a special anniversary. Why? The fact is that every organisation that reaches such a milestone will have endured setbacks and difficulties along the way, and I am sure that the situation has been no different for the association. However, the best organisations overcome such challenges and are stronger for them. Again, I am sure that the same can be said of the association.

As the chamber is aware and as many members have pointed out, young people's access to farming is a very important issue and has certainly been a pursuit of mine since I arrived in office. Every industry needs a steady stream of new blood. When I go around Scotland, visiting our rural communities and meeting the agricultural sector, I am always encouraged by the amount of fantastic new talent that is coming through the ranks in Scottish agriculture. It is a fantastic sign for the future.

However, although there is already a lot to be proud of in Scottish farming, every vibrant industry needs to regenerate to meet future challenges. Members should make no mistake: although Scottish farming is vibrant, we still need more young people with the vision and entrepreneurial skills to build a successful and efficient business that makes best use of our natural resources.

The Government is doing all that it can to assist in achieving that ambition. For a start, one of my top priorities in the current negotiations has been to get new entrants into the new CAP regime from day 1. We all know how new entrants have been disadvantaged under the historic payment model; that is not acceptable and I will not relent in arguing their case. As members have indicated, the position that has been reached in the current negotiations—all things being equal in their final stages—is that help will now be available for new entrants from day 1 of the new policy, with top-ups for some recent new entrants in certain situations. However, we are still trying to secure the ability to ensure that “new” new entrants under the new policy are also able to take advantage of the top-slicing to create a national reserve, and we are urging the UK Government to help us to make that a priority in the negotiations.

**Jamie McGrigor:** On new entrants, is the cabinet secretary working on a solution to the lack of a reserve to deal with new farms' lack of entitlement to single farm payments?

**Richard Lochhead:** There is the current situation but, under the new policy and with the ability to top-slice funding for an on-going national reserve, we will have to change things and think about whether that reserve will need to be increased through the course of the new CAP. Although those who have been frozen out under the existing policy will be on a level playing field from the beginning of the new policy, we believe that anyone who joins in 2016 or 2017 should have the same opportunities, and we are urging the UK Government to help us to secure that in the final stages of the negotiations.

I have implemented a succession of initiatives, from providing capital funding under the Scotland rural development programme to increasing advisory services, and from making starter units available on Forestry Commission land to changing farm tenancy legislation. All of those are making a contribution and are providing opportunities that previously did not exist. Coincidentally, today there will be a further meeting of the new entrants panel, which I established towards the end of last year. As we look ahead to the new CAP, the panel's work will be crucial in identifying optimum support arrangements for farmers who are entering the industry. Recently, at the NFUS centenary annual

general meeting, I also announced £2 million to support a package for new entrants who are frozen out of the existing CAP to help to bridge the gap to at least a small extent, because that is all that we are able to do between now and the introduction of the new policy.

Along with the new entrants panel, we will work out the best way to deploy that funding. The panel members bring an array of talent from various farming backgrounds, but a representative from the Scottish Association of Young Farmers Clubs could usefully add an extra dimension, as it is plain that we will find among its membership much of the talent, skill and commitment that are essential for Scotland's farming future. I have asked for that to be considered at the panel's meeting later today.

In my role as cabinet secretary, I am privileged to travel around Scotland and regularly to meet young farmers and others.

I vividly recall visiting the association's tent at the Royal Highland Show last year and taking the opportunity to join the association for a drink: it was a pint of milk as opposed to something else that members might expect of young farmers. I had to down the pint of milk as quickly as I could and, of course, my performance was absolutely pathetic and I did not win the competition, although it must be said that it was my second pint of milk that day. I will try to do better this summer.

I cannot mention the Royal Highland Show or the young farmers clubs without saying a few words about one Willie Davidson, who tragically died on his farm near Moffat only recently. Willie was well known throughout the country, and his cattle had regular success at the show. He was also a national vice-president of the association, and a 75th anniversary fund has been launched in his name with the aim of raising £100,000 to support new and existing clubs. That is a worthy legacy if ever there was one.

Prince Charles has just become patron of the Scottish Association of Young Farmers Clubs, and I add my personal congratulations and thanks—and those of the Scottish Government—for all that the clubs achieve from Orkney to the Borders and Dumfries and Galloway. I am pleased to inform the Parliament that, to recognise those achievements, I am working closely with Angus MacDonald to arrange an event in the Scottish Parliament for the clubs to celebrate this landmark year.

May the association's 75th anniversary be not only a cause for celebration but a catalyst and inspiration for further achievement in the next 75 years and beyond.

13:01

*Meeting suspended.*

14:00

*On resuming—*

## Independence Referendum

**The Presiding Officer (Tricia Marwick):** Good afternoon. The first item of business is a statement by Alex Salmond on Scotland's independence referendum. The First Minister will take questions at the end of his statement; therefore, there should be no interventions or interruptions.

**The First Minister (Alex Salmond):** I am delighted to lead a Government that today introduces a bill that offers the people the opportunity to vote for an independent Scotland.

The Scottish Independence Referendum Bill is the most important legislation to have been introduced since our Scottish Parliament was reconvened—not in itself, but in what it enables Scotland to achieve with the powers of an independent country.

The parties in this chamber disagree fundamentally about the merits of independence. However, it is important to acknowledge that the bill is a product of consensus and co-operation. The Edinburgh agreement, which the Prime Minister and I signed last October, has been followed by legislation in this Parliament and Westminster and gives our Parliament the unchallengeable authority to organise the referendum. In drafting the bill that enables the referendum, the Scottish Government has been aided by the 26,000 responses that we received to our consultation on the bill. As a result, we are today meeting the commitment that we gave under the Edinburgh agreement.

The independence referendum will be designed, built and delivered in Scotland. It will meet the highest international standards of fairness and transparency. It will ask the very clear question, which has been approved by the Electoral Commission,

"Should Scotland be an independent country?"

We should not underestimate the importance to the wider world of a nation's deciding its future by debate and democracy. It is something we should all take pride in—whether the vote is yes or no—that our ancient nation of Scotland is making its way in the 21st century according to the highest possible standard of popular consent.

I will set out the most significant provisions of the referendum—although given the extent of the prior consultation, they will not come as a great surprise. The bill makes it clear that the Electoral Commission will have overall responsibility for overseeing the referendum. It sets out detailed arrangements for the conduct of the referendum,

including arrangements for polling stations, voting and counting procedures, and postal and proxy voting. All those provisions are in line with procedures for Scottish Parliament elections. The bill ensures that spending during the 16-week campaign period will obey the limits that are proposed by the Electoral Commission, just as both Governments will abide by the strictures of the four-week election period.

The bill does not set out who can vote in the referendum; provisions to enable 16-year-olds and 17-year-olds to vote are included in the Scottish Independence Referendum (Franchise) Bill which we published earlier this month. That bill also defines who is eligible to vote in the referendum and that includes, of course, service personnel and Crown personnel.

Overall, the Scottish Independence Referendum Bill will ensure that the referendum will be internationally recognised as a fair, open and truly democratic process. There is no doubt that we will, in the months to follow, see vigorous discourse and discussion on both sides of the independence debate, in the airts and pairts and communities the length and breadth of Scotland. It is incumbent upon all of us, as parliamentarians, to lead by example, and to ensure that the level of this hugely important debate matches the expectations of the people who elected us.

Devolution has already shown how this Parliament has used its current powers to improve lives. Police and justice reforms have helped to cut crime and reoffending, and we have begun to tackle Scotland's long-standing public health problems through the public smoking ban and legislation for minimum alcohol unit pricing. Throughout the Parliament's history, under successive Administrations, we have used our powers for progressive purposes including free personal care, pioneering homelessness legislation, an end to tuition fees, and protecting the national health service. With a measure of independence on health, on education and on law and order, we have all contributed to Scotland being a better place.

Let us consider what we could do with Scottish control of the economy, of international representation and of security. We know that last year Scotland stood £4.4 billion better off than the rest of the UK. That is £824 for every man, woman and child in the country, but we do not have the ability to invest or save that money to the benefit of future generations.

On international representation, why would we wish to be represented by the sceptics of Europe when we could be influential and respected?

On defence, why would this nation of five and a quarter million people elect to waste billions on

weapons of mass destruction when we still have thousands waiting for a decent home and a life chance?

Presiding Officer, next year the choice that will face the people is one of two futures. A no vote means a future of Governments that we did not vote for, imposing cuts and policies that we do not support. A yes vote means a future in which we can be certain—100 per cent certain—that the people of Scotland will get the Government for which they vote.

Figures from the United Nations that were published in 2009 showed that income inequality in the United Kingdom was among the highest of all the world's richest nations. The draconian welfare reforms, including cuts to child benefits and the bedroom tax, will serve only to make the situation worse—despite 90 per cent of Scottish MPs voting against those measures. This Parliament can and will continue to take decisions to try and mitigate the worst of those ill-thought-out policies. However, the key word is “mitigate”. Until we have the full powers of independence, we cannot prevent those policies from being imposed on the people of Scotland.

The choice becomes clearer with each passing day: to take the opportunity to use our vast resources and talent to build a better country, or to continue with the Westminster system, which simply is not working for Scotland.

It is worth reflecting just for a moment on the privilege that this nation and this generation will have: nothing less than the privilege of choosing the future course of our country, in a democratic referendum that is made here in Scotland.

We have been on a journey since 1999 and the restoration of our Parliament, here in the heart of our ancient capital. We have witnessed a growing confidence and increase in democratic accountability.

I am honoured to announce that on Thursday 18 September 2014, we will hold Scotland's referendum—an historic day, when the people will decide Scotland's future. That day, 547 days from now, is the day when we take responsibility for our country, when we are able to speak with our own voice, choose our own direction and contribute in our own distinct way. It is the day when we stand on our own two feet, to claim a future. We will not stand alone: it is the day when we will gain a new and more modern relationship with the other nations of the UK—a true partnership of equals. It is the day when we will be part of a European framework, but on an equal basis, and when we will engage as a responsible member of the international community.

It will require effort and commitment to make our country as good as we know it can be, to secure

prosperity and social justice. I believe that on 18 September 2014 the people of Scotland will vote yes, to create a better country than we have now—one that we can pass on with pride to the next generation.

**The Presiding Officer:** The First Minister will take questions on the issues that have been raised in his statement. I intend to allow about 30 minutes for questions, after which we will move on to the next item of business.

**Johann Lamont (Glasgow Pollok) (Lab):** If “the hand of history” is on the First Minister's shoulder, I do wish it would give him a shove, so that he would get on with it. This is the man who got into power by playing down his belief in independence. Many people who voted for the Scottish National Party but who do not believe in independence will breathe a sigh of relief—as I do—that the date is now in sight on which we can finish this constitutional debate once and for all and get on with dealing with the real issues and priorities of Scotland.

Until then, Scotland remains on pause. What I do not understand is this: if leaving the United Kingdom is the key to Scotland's prosperity, why does the First Minister want Scotland to languish for another year and a half before we get the chance to vote on that? The truth behind the delay is not that the First Minister is holding to a promise that was made to the electorate in a television debate; the truth is that Alex Salmond knows that if he held the referendum now he would not just lose it—he would be routed.

All the self-aggrandisement of today is not just a sign of the First Minister's usual pomposity; his making an occasion out of a delayed announcement is an attempt to con the people into believing that we have moved a step towards independence, when we have not. I believe that the truth is that we have moved a step down the road to cementing Scotland's place in the United Kingdom.

If today is the day when the debate starts in earnest, it should also be the day when the First Minister breaks the habit of a lifetime and starts answering questions. What controls would the Bank of England—which will by then be a foreign bank—have over the policies of the Government of a separate Scotland? [*Interruption.*]

**Johann Lamont:** I think we had this problem this morning. [*Interruption.*]

**The Presiding Officer:** Order.

**Johann Lamont:** What controls would the Bank of England—which would by then be a foreign bank—have over the policies of the Government of a separate Scotland? What would the deal be if Scotland became a new member of the European

Union? Alex Salmond has avoided giving detailed answers to those questions and many others in the years past. In the months ahead, the people of Scotland will hold him to account.

The First Minister plans to hold the referendum in the autumn of next year and to publish his white paper in the autumn of this year. Why the delay? If we are to have the transparent debate that the First Minister says he wants, why does he not publish his full independence plans now? If he wants a proper debate, he must disclose that white paper today. *[Interruption.]*

**The Presiding Officer:** Order.

**Johann Lamont:** If he does not, the whole country will be asking, “What’s the plan, Alex?”

**The First Minister:** I think “the hand of history” might have missed out Johann Lamont altogether. *[Laughter.]* That is, of course, a quotation from Tony Blair, as Labour members might—or might not—like to remember.

I do not quite understand Johann Lamont’s complaint. I think that she just kept her brief from First Minister’s questions earlier on. I have been doing an analysis of her first 45 appearances at First Minister’s questions. *[Interruption.]*

**The Presiding Officer:** Order.

**The First Minister:** At almost half of First Minister’s question times, Johann Lamont has asked about independence. She asked about unemployment twice—twice out of 45 times. Given that she says that she does not want to talk about the constitutional question, why on earth does she use the vast majority of the time that is allotted to her to talk about exactly that?

Johann Lamont should understand that the case that the SNP, the Green Party and our allies in the yes Scotland campaign argue—a case that we will have a fantastic opportunity to make the length and breadth of Scotland—is that independence for Scotland will be instrumental in bringing about the more prosperous and just society that Scotland wishes to be. Our efforts to promote and maintain that position are amplified by what we see around us, in the welfare cuts by a Tory-Liberal Government that we did not elect. Our efforts will grow confidence because we know that we can, as we match the human and natural resources of this country, build that prosperous society.

The timetable that I have laid out is exactly what I said it would be. We have heard from not just Johann Lamont but her unionist allies many claims that this would happen and that would happen. Now we are laying out in the bill, for this Parliament to consider and pass this year, the opportunity for our nation to decide its own constitutional future. If that does not excite and interest the Labour Party, what on earth can? I

assure the Labour Party that it will excite and interest the people of Scotland.

**Ruth Davidson (Glasgow) (Con):** I welcome the clarity that today’s statement brings. I believe that next September the people of Scotland will vote to stay within our United Kingdom, recognising that the autonomy that the Scottish Parliament has in areas including health, social care, education and justice, allied with the strength of being part of a larger UK family; the safety and security from our intelligence services; the international standing from our diplomatic corps; and the advantages of being one of the largest economies on the planet, mean that Scotland can make a positive choice for devolution—the very best of both worlds—rather than opt for separation. A yes vote will mean the end of devolution. *[Laughter.]*

**The Presiding Officer:** Order.

**Ruth Davidson:** The First Minister today rightly notes that the people of Scotland have expectations regarding “the level of debate”. They also desire and demand information that they can trust, on which to base this most important of decisions. Will the First Minister now pledge to Parliament that his own conduct will rise to that level? No more exaggeration, no more misinformation and no more baseless assertion: does the First Minister realise that he has to be straight with the people of Scotland?

**The First Minister:** Ruth Davidson is entitled to put forward her point of view, as all campaigners are, which is why we should all—from both sides of the debate—relish the opportunity to make our cases and let the people decide. All I would say is that her version of the current reality would not be shared by people who are facing the bedroom tax or the draconian welfare cuts; it is not a version of reality that those people would likely understand.

Ruth Davidson’s argument that independence is a departure from the progress of national self-determination does not hold water when it is examined. After all, her party was fundamentally against this Parliament being reconvened and re-established. *[Interruption.]*

**The Presiding Officer:** Order.

**The First Minister:** Ruth Davidson’s party campaigned against that in a referendum.

There are those of us who have argued that the re-establishment of this Parliament would bring increased powers and that people would, as the Parliament grew in respect and authority and in the trust of the people of Scotland, wish to move on to an independent Parliament. Our argument will be tested. The passage of time has lent strength to that argument, while the argument of those who would have seen democracy in



Scotland never being re-established grows ever weaker. My view has always been, as this Parliament has established itself and made a success of its remit, that people would have the appetite to move on to the equality that an independent Parliament will provide. There is every basis to believe that that is the positive argument that will carry this country.

**Willie Rennie (Mid Scotland and Fife) (LD):** I am sure that the First Minister is excited by today's events, but after all the build-up, this looks like one of those occasions where the trailer is more exciting than the movie.

It has taken the First Minister almost 700 days to get the Cabinet to agree to the date of the referendum. Why on earth does he think that it will take him less time to break up the country?

If the First Minister loses, will he join me and others to develop a new consensus for more powers for the Scottish Parliament in the UK? I favour home rule within the UK. Will he develop his proposals?

**The First Minister:** As Ruth Davidson, his ally in the UK Westminster Government is, Willie Rennie is entitled to put forward his case. I look forward to the debates and events on the campaign trail.

It is true that we have given substantial notice of the date on which the referendum is going to be held. That is a good thing. We should take it through our parliamentary procedures and we should have that discussion and debate. We should follow the Gould recommendations of allowing six months between the passage of the bill and the event of an election or referendum. That is all to the good and it is exactly what we should do.

Willie Rennie recently suggested that the 18 months that we have allowed for Scotland to establish its position as an independent country is—as he put it—“unrealistic”. The only problem is, if I remember correctly, that when Professor Crawford from Cambridge—the expert who was appointed by the UK Government—was asked that same question, he described that period as being perfectly “realistic”. I suspect that when we examine timescales and look at the arguments for and against in the referendum campaign, we will find that the case for Scotland's progress and optimism as an independent country in this world will carry sway, and that Willie Rennie's arguments to dilute that power of authority and that democracy will be found wanting.

**Bruce Crawford (Stirling) (SNP):** I very much welcome the First Minister's statement. We now know the day on which Scotland will decide to take her place as an equal member of the family of nations.

Does the First Minister agree that despite all the negativity and fears that have been generated by the anti-independence parties over votes for 16 and 17-year-olds, the referendum question and—yes—even the date itself, the Scottish Government has been positive, straight and fair with the Scottish people with regard to the referendum process? *[Interruption.]*

**The Presiding Officer:** Order.

**Bruce Crawford:** Does the First Minister agree that it will be the same with the campaign for independence itself, to enable Scotland to be an independent, much fairer, prosperous and socially just country?

**The First Minister:** Bruce Crawford fairly—and quite mildly—refers to some of the pessimism that the unionist parties have expressed about this process. They doubted that we could establish a fair question. Ruth Davidson thought that the first question was fair, then she thought that it was unfair because other people thought—

**The Deputy First Minister and Cabinet Secretary for Infrastructure, Investment and Cities (Nicola Sturgeon):** She was told to say it was unfair.

**The First Minister:** Maybe she was told; maybe she was not. There were certainly a lot of expressions of disquiet and suggestions that the process could not be properly organised, and that the referendum would not be properly conducted.

However, thus far, we have not had a suggestion from the unionist parties that this is anything other than a fair and democratic test of the will of the people of Scotland. Even if their pessimism about Scotland's future is still in place, and even if they retain the negativity with which they express their arguments every time the suggestion that Scotland should have control over issues that any country in the world with half our natural and human resources has control over as a matter of course, at least we have not today seen a question mark being raised over the integrity and democracy of the process. It must surely represent progress that our unionist opponents are no longer questioning the integrity of a democratic decision.

**Patricia Ferguson (Glasgow Maryhill and Springburn) (Lab):** I would normally begin by thanking the First Minister for prior sight of his statement but, on this occasion, the First Minister provided a statement that deliberately excluded the date of the referendum, which is the part of his announcement that he has been heralding for many months. *[Interruption.]*

**The Presiding Officer:** Order.

**Patricia Ferguson:** However, I noticed that the first page of the statement talks about the

“standards of fairness and transparency”

to which the First Minister aspires and that the third page mentions

“fair, open and truly democratic”

processes. However, the First Minister’s need for a fanfare has already trumped those principles today.

**The Presiding Officer:** Do we have a question, Ms Ferguson?

**Patricia Ferguson:** I am coming to it, Presiding Officer.

John Swinney’s leaked paper admitted that an independent Scotland would have a marginally larger net deficit than the United Kingdom. The Office for Budget Responsibility has already discredited the oil boom that was claimed by the First Minister.

**The Presiding Officer:** Can we have a question, Ms Ferguson?

**Patricia Ferguson:** Given the importance of this debate, when will we have the undoctored facts about Scotland’s economy, so that we can ensure that this Parliament and country can be proud of the “fair ... and democratic” processes that we all want, regardless of which side of the argument we happen to be on?

**The First Minister:** First, the processes in respect of the statement were agreed with the Presiding Officer, I believe, so that how it has been put forward is proper.

I have to say that I was very influenced by watching yesterday’s budget; that budget seemed to be in the *London Evening Standard* before it was presented to the House of Commons. Therefore, I thought that the date on which Scotland will take its historic decision should be told to all members of this Parliament and the people of Scotland, equally.

With regard to setting out the arguments, that will happen on—among other occasions—this very afternoon, when John Swinney leads a debate on Scotland’s economic strength. I hasten to suggest that he may well pause to reflect on the figures from last year: the £4.4 billion relative surplus; and the £800 a head for every man, woman and child in Scotland. That might not persuade the Labour Party, but many people in Scotland will pray that that economic and financial strength will be used to rebuild our country, as opposed to our continuing to be under the tutelage of Tory and Labour Governments in Westminster.

**The Presiding Officer:** Very many members wish to ask questions. If they keep the questions as brief as possible, I will manage to get through the whole list.

**Patrick Harvie (Glasgow) (Green):** I thank the First Minister for the advance copy of the

statement and congratulate him on guarding his big secret even better than Steven Moffat has guarded the plot of the new series of “Doctor Who”.

I hope that the First Minister will agree that there are many people in Scotland who are open-minded on independence but have not yet been convinced, and will be convinced not by one flag or another, but by the arguments around what an independent Scotland can do for them.

Does the First Minister agree that those who are thinking about voting no should consider the stymied situation that Scotland would find itself in, with umpteen flavours of devo in-between, all competing with each other and each with little chance of ever being implemented?

**The First Minister:** Patrick Harvie is perfectly correct to point out that the clarity that the unionist parties call for in the arguments for independence is not matched by the opaqueness of their arguments for whatever alternative they intend, or do not intend, to put forward.

The establishment of the Edinburgh agreement, of the proposed legislation and of the nature and conduct of the referendum are essential for a democratic accepted process—in particular, section 30 of the Edinburgh agreement on the acceptance by both Governments of the result, and the undertaking to act in the interests of the people of Scotland and the rest of the United Kingdom, regardless of the result. Those are vital.

In the campaign, the argument will be won by the why of independence. It will be won by the prospect of a different future—of a just and economically prosperous society. That will be the motivation. Although pessimistic and negative arguments often hold great sway in the columns of the press, a negative argument will win only if it comes up against another negative argument, in which case the most negative argument wins. If a negative argument comes up against an optimistic argument about a prosperous future, optimism and the case for optimism will prevail.

**Clare Adamson (Central Scotland) (SNP):** As the mother of a 15-year-old who, following the passing of the Scottish Independence Referendum (Franchise) Bill, will be able to take part in this momentous election and choose the future of his country, I welcome the statement.

Whichever way my son chooses to vote, my ambition for him and for all Scotland’s young people is that they are fully informed and confident in their choice. How will the Scottish Government engage with schools and colleges and ensure that our young people are informed, registered to vote and fully engaged in the decision that will decide the future of their nation?

**The First Minister:** There are two aspects to that important question. One is the responsibilities of the Electoral Commission regarding information about the ballot. The commission has been extremely well funded to prepare the processes under the proposed legislation and in accordance with the undertakings that we gave in the Edinburgh agreement. I am sure that the commission will fulfil its undertaking.

The second aspect is the obligation on the two campaigns to present their arguments not just in an uplifting and positive way, but in a way that uses the full range of modern technology to get the case across. There is responsibility in terms of information, on the part of the Electoral Commission and on the part of both campaigns to match the process with the quality and extent of their arguments.

**James Kelly (Rutherglen) (Lab):** Given the unpopularity of independence in the country, is not it the case that, rather than announcing the referendum date, the First Minister has actually announced his retirement date? I therefore congratulate him on giving advance notice to Derek Mackay and Nicola Sturgeon, so that they can organise their leadership campaigns.

**The First Minister:** Members will forgive me for having a slight sense of déjà vu regarding James Kelly's question. I remember Iain Gray, at his last effort at First Minister's questions, making exactly the same point, comforted by Labour's lead of almost 20 per cent in the opinion polls in the run-up to the May 2011 elections, and forecasting my retirement from politics. As James Kelly may remember, the result, when the Scottish people examined the proposition, was substantially different. His confidence does him great credit, I am sure, but his confidence now may well be as misplaced as Iain Gray's was in 2011.

**Gil Paterson (Clydebank and Milngavie) (SNP):** This certainly is a momentous occasion, and I have waited an awful long time for it. No matter the result in the referendum, I do not think that I need to apologise either to my children or to my grandchildren. Can the First Minister confirm that the timetable will allow for proper public and parliamentary consideration of the proposals of the referendum on independence, so that the people of Scotland are able to make a fully informed decision about the future of our country?

**The First Minister:** Yes, I can. The timetable for the process in this Parliament should allow royal assent around November this year. The range of publications that the Scottish Government and—I am sure—both campaigns envisage, will carry on from now right through to referendum day. We will fulfil the Gould requirement of there being a six-month period between the passing of legislation and the decision in an election or referendum.

We have kept clear of the European elections. I do not think that the experience of the alternative vote referendum on another election date was a particularly good or edifying one, so we have kept clear of having a double election—the referendum is important enough to stand in its own right. We have also kept clear of the huge major sporting events that Scotland is going to enjoy next year. Therefore, for all those reasons, I think that it is the right date and time on which people can properly consider their nation's future. For a decision of that importance, this is a proper, democratic and authoritative way to carry forward the argument.

**Richard Baker (North East Scotland) (Lab):** Can the First Minister tell us how many civil servants will be working on the referendum bill and the constitutional reform workstreams in advance of the referendum?

**The First Minister:** I have heard various of our unionist opponents complain, as Ruth Davidson recently did, that too few civil servants were working on a defence perspective, and no doubt there will be complaints that there are too many. I will say that the civil service of Scotland, unlike perhaps the civil service elsewhere in these islands, is fully committed to securing a better future for the people of this country and implementing the wishes of the democratic Government of the day. If the member's arguments had held sway during the process by which people chose to go down this road to have the referendum—that was a key part of the proposition that was put in 2011—then he would be right that we would not be having this referendum, because he wanted to deny the people of Scotland a choice on their own future.

**Maureen Watt (Aberdeen South and North Kincardine) (SNP):** I congratulate the First Minister on leading Scotland to a place where, for the first time ever in its history, all Scots over the age of 16 will be able to determine their own future. Does the First Minister agree that it is insulting to the intelligence of the people of Scotland to say that an independent Scotland could not deal with control over increased oil and gas revenues and their price volatilities? Does he agree that only with control of all our revenues can Scotland begin to deliver the fairer and more equal society that our citizens deserve?

**The First Minister:** I have to say that not just in Europe, where Scotland has the largest oil reserves of any country in the European Union, but internationally I do not know of a single country, apart from this country, where the ability to have natural resources on that scale would be regarded as anything other than an asset. The unionist parties' propositions on these matters verge on the ludicrous in making the argument

that it is somehow a liability to have massive oil and gas reserves for the next 40 or 50 years available to help us rebuild the Scottish economy and ensure social justice in this country. The argument that that is somehow a disadvantage is one that will be laughed at for the next 18 months and long beyond.

**The Presiding Officer:** There are many members who still wish to ask a question. I appeal again to members to keep their questions brief.

**Kezia Dugdale (Lothian) (Lab):** We know the date and the question, but we still do not know the detail. If this referendum will, in the First Minister's words,

"meet the highest international standards of fairness and transparency",

can he tell us again why we are waiting six months for the white paper detail?

**The First Minister:** The Government will issue a range of papers and there will be a range of discussions over the next few months. We thought that timing the white paper for around the time when royal assent is given to this Parliament's referendum bill was exactly right. The white paper will be published the best part of a year before referendum day, which will give ample opportunity for debate and discussion—more opportunity, in fact, than in any referendum that I can think of internationally. The last thing that we will be devoid of is explanation, publications or democratic debate. Could it be that the Labour Party's anxiety is not that it is worried that there will be too little information, but that the information provided and the quality of the debate will overwhelm its negativity and that of its Tory allies.

**Roderick Campbell (North East Fife) (SNP):** I welcome the work that the Scottish Government has undertaken to date to inform voters about the process that would follow a yes vote, following the recommendations of the Electoral Commission. Can the First Minister confirm whether the UK Government has provided any assurances that it intends to do the same?

**The First Minister:** Section 30 of the Edinburgh agreement makes it amply clear that both Governments accept their obligation to respect the process and the will of the people. I am the last person, I think, to have influence in making the United Kingdom Government behave according to the best elements of either democratic or economic standards. Indeed, even the Tories and Liberals in this place seem to have no influence whatsoever over their colleagues at Westminster. However, I believe that that agreement and undertaking to accept and respect the will of the Scottish people is hugely important. We will abide by it and I expect others to do the same.

**Annabel Goldie (West Scotland) (Con):** The First Minister said in his statement that the franchise bill will define who is eligible to vote and that that will include service personnel. How will the First Minister ensure that the men and women from Scotland in our United Kingdom armed forces and their families, if based in other parts of the UK or overseas, will not only be entered in the register of voters but be given every facility to cast their votes?

**The First Minister:** That is absolutely the case. I can place in the Scottish Parliament information centre the options that people will have in the service election. There is a comprehensive ability of service personnel who are serving overseas or indeed elsewhere in these islands to vote in a Scottish constituency. That is something that exists for service personnel, absolutely rightly. Incidentally, it exists because they do not determine their location; they go where the Crown orders them to go. That is absolutely right and it is built into the bill, which has already been published. I can make it available in SPICe for Annabel Goldie's estimation.

I deprecate those outside the chamber who have tried to question that or to undermine it. It is there within the legislation and it will be absolutely respected so that our servicepeople have that entitlement.

**Elaine Murray (Dumfriesshire) (Lab):** On 18 September 2014, the sun will set at about 20 past 7. The First Minister has kept Scotland in the dark about the date of the referendum. On 18.11.14, many Scots may have to go to vote in the dark. In view of the darker nights and the vagaries of the Scottish weather, will the First Minister explain what action—[*Interruption.*] This is actually important in terms of people exercising their right to vote, Ms Ewing.

Will the First Minister explain what actions he and his Government will take to ensure that every eligible voter who wishes to cast their vote finds it easy and straightforward to do so? [*Interruption.*]

**The Presiding Officer:** Order.

**The First Minister:** I do not know whether Elaine Murray was listening, but the date is Thursday 18 September 2014. I have never heard it suggested hitherto that that is somehow too late in the year to have an election or a referendum, but I will probably light a candle for Elaine Murray to shine upon her darkness.

The date gives ample time and opportunity to hear the arguments and for the people to decide. When Elaine Murray has time to think about it, I do not seriously think that she will think that it is anything other than a reasonable date and timescale for the choice that the people will make.

**Chic Brodie (South Scotland) (SNP):** I, too, welcome the First Minister's statement on the referendum. Throughout our history, Scotland has contributed greatly to the international community in terms of innovation, education and welfare. Does the First Minister agree that independence offers us the opportunity to assume our rightful place in the world? Will he outline some of the expected international implications and benefits of our independence?

**The First Minister:** I believe all those things.

I take the opportunity to say that I am reminded that the date for next year is only a week later than the date of the devolution referendum of 1997, which seemed to meet with everybody's assent as being a reasonable time of year to have such a referendum.

Thank goodness we had that referendum, established this Parliament and, as was rightly said, now have the opportunity to complete that process and have an independent country.

**John Pentland (Motherwell and Wishaw) (Lab):** In the interests of unredacted fairness and transparency, will the First Minister agree to have a live public debate with Alistair Darling as the leader of better together when we get to see the far-too-long-awaited white paper in November, to help the Scottish people in all airts and pairs to make an informed decision about the future of Scotland? First Minister, will you agree or are you just a big feartie? *[Interruption.]*

**The Presiding Officer:** Order.

**The First Minister:** I understand that Alistair Darling dodged the welfare vote in the House of Commons to argue for the bitter together campaign. He has also been dodging debating with Blair Jenkins, the leader of the yes campaign. I am willing to debate with the Prime Minister or, indeed, the leader of the Labour Party. Let us have that debate, which I am up for and willing to have.

**Margo MacDonald (Lothian) (Ind):** I ask the First Minister whether he could raise the level of the debate. This is about our country's soul. It is about our children and our grandchildren's standards and place in the world, and we are talking about candles in case someone cannot vote. Many friends of mine on the Labour side of the chamber have let me down and have let Scotland down this afternoon by the way in which they have approached the debate. This is a big question and it needs big people and big answers. Can we big it up, Presiding Officer? *[Applause.]*

**The Presiding Officer:** Order.

**The First Minister:** Not for the first time and certainly not for the last time, I agree with Margo MacDonald.

**Jim Eadie (Edinburgh Southern) (SNP):** Does the First Minister accept that, although the referendum campaign will be fought with passion and conviction on both sides, there is a duty on each of us to conduct the debate with dignity and mutual respect, because the eyes of the world are upon us?

**The First Minister:** There are a number of important aspects to that point. I referred to one of them in the statement. The process, the arguments, the debate and the disputation about Scottish self-governance have been going on for the best part of 100 years. It is hugely important and a credit to this country that that has been conducted in a totally democratic, polite and civilised manner.

Not a single person has lost their life arguing for or against Scottish independence. Nobody has had so much as a nosebleed, as far as I know. That is something that we sometimes take for granted but of which we should nonetheless be proud. Given that we have accepted and acknowledged that democratic process and the assent and democratic will that it represents, the essence of that process—without all the hurly-burly and arguments that we will have and no doubt enjoy—is a debate about the nation's future. It is a debate about the direction of the country. I am sure that this country, this nation, and indeed this Parliament and these politicians, will rise to that challenge.

**Neil Findlay (Lothian) (Lab):** Surprisingly, the First Minister failed to answer this question at question time so I will give him another chance. In his statement, the First Minister spoke about progressive policies. How is the desire to halve the rate of corporation tax that is currently being applied by Osborne—a move that will rip hundreds of millions out of public services for working people—in any way a progressive policy choice? In the First Minister's own words, no "dodging" the answer, please.

**The First Minister:** If Neil Findlay cares to read the Scottish Government's publication and analysis of our corporation tax policy, he will see that, first, it is not the one that he describes. Secondly, he will see that it will increase gross domestic product and employment substantially in this country. The point that I made to him earlier today, which should be the basic point, is that our focus is on policies that will increase the wealth of this country, just as our focus is on policies that will increase the fairness in this country. If we can put forward, in the yes campaign, that argument for the twin track of having a more prosperous and a more just society, believe me we shall sweep away the negativity with which Neil Findlay is, unfortunately, associated.

## Scotland's Financial Strength

### **The Deputy Presiding Officer (Elaine Smith):**

The next item of business is a debate on motion S4M-06016, in the name of John Swinney, on Scotland's financial strength.

I remind members to speak through the chair and use the full names of other members.

14:45

### **The Cabinet Secretary for Finance, Employment and Sustainable Growth (John Swinney):**

"By international standards Scotland is a wealthy and productive country. There is no doubt that Scotland has the potential to be a successful independent nation."

Those are not my words, but those of the fiscal commission, which is a dispassionate and impartial group of experts that has conducted one of the most thorough analyses of Scotland's economy.

As we take a further step towards securing a yes vote in the referendum in September 2014, I intend to demonstrate the strength of Scotland's finances and the positive difference that independence will bring. We have strong foundations—perhaps some of the strongest on which any country has sought its independence—but we will only achieve our full potential and deliver a successful society in which all our people can reach their full economic potential through a yes vote in the referendum.

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

John Swinney refers to his fiscal commission and applauds the remarks that it has made. Why does he not follow its cautious advice on oil prices?

**John Swinney:** I will have some things to say about oil during the course of my speech, but I simply say to Willie Rennie that the Government has followed entirely the advice of the fiscal commission by taking a considered and cautious view of the expectations on price, given the range of price projections that are available between the Office for Budget Responsibility, which projects \$93 a barrel, and the Organisation for Economic Co-operation and Development, whose expectations are in excess of \$150 a barrel. The Scottish Government has assumed \$113 a barrel.

I attach significance to the submissions of Oil & Gas UK, which predicts that production levels in 2016-17 will be around a third higher than the figure predicted by the Office for Budget Responsibility.

In the fiscal commission's view, the evidence that the Scottish Government has taken to

formulate its views on oil revenue expectations in the years to come is soundly grounded.

**Willie Rennie:** John Swinney did not mention Norway in any of his remarks. It, too, takes a cautious approach. It estimates oil at between \$80 and \$100 a barrel, which is roughly the same as the United Kingdom Government. Why has he ignored Norway on this occasion when he cites it so often?

**John Swinney:** Willie Rennie talks about the UK Government. The Department of Energy and Climate Change's forecast for oil prices is \$132 a barrel. I have not taken that projection; mine is \$113 a barrel.

If we are going to talk about Norway, let us talk about the fact that Norway has a £400 billion oil fund that is being used to safeguard and anchor the Norwegian economy. Where is the oil fund for Scotland after 40 years of fiscal mismanagement by the United Kingdom?

The debate is timely not only because of the announcement a few moments ago of the referendum date, but because yesterday's UK budget confirmed the choice between two futures that the people of Scotland will face. Scotland's public finances and economy will be central to the independence debate. The choice is between a UK system that, in the budget, short-changed Scotland with a last minute cut to the finances that this Parliament has already allocated and locked in a no-growth austerity agenda, or the prospect of taking the vital decisions that we should take to stimulate our own economy.

I will set out the facts about Scotland's financial and economic strength. The simple fact is that Scotland more than pays her way. That is confirmed by the "Government Expenditure & Revenue Scotland 2011-2012" report, which demonstrates that, once again, Scotland is in a stronger fiscal position than the UK as a whole.

The latest GERS report shows that in 2011-12 Scotland contributed proportionally more to UK tax receipts than we received in public spending. In Scotland, 9.9 per cent of UK tax revenue was raised, while just 9.3 per cent of UK public spending occurred in this country. That includes £4 billion in spending to pay the interest on the debts incurred by successive United Kingdom Governments.

**Gavin Brown (Lothian) (Con):** The cabinet secretary mentioned GERS 2011-12. What is the projected reduction in oil revenues for 2012-13?

**John Swinney:** Mr Brown will be able to look at the OBR forecasts that I have just discussed with Mr Rennie, but I say to him that with regard to future years—even the future years about which there was much speculation in relation to the

paper that I presented to the Cabinet about 12 months ago—it has been demonstrated that between 2010-11 and 2016-17 Scotland will in terms of net surplus be in a relatively stronger position compared with the rest of the UK, to the tune of £17 billion. Mr Brown should take that into account in assessing his numbers.

**Jamie Hepburn (Cumbernauld and Kilsyth) (SNP):** Does the cabinet secretary agree that, for all the unionist hot air about oil prices, the UK Government is quite happy to accumulate the revenue that oil brings in, no matter what the price is and that, therefore, the argument that Scotland should not accumulate that revenue seems somewhat hollow?

**John Swinney:** Mr Hepburn makes a very fair point about the longevity of the oil and gas reserves that have flowed into the UK Government and the fact that no UK Government has complained about them over the past number of years. They have happily squandered those reserves in propping up the UK economy, but we in Scotland have not had the ability to utilise those revenues in the way that our Norwegian friends have used theirs to strengthen their economic future.

**Rhoda Grant (Highlands and Islands) (Lab):** The cabinet secretary has been talking about how he would build an oil fund in an independent Scotland. Would the money for the fund be over and above normal taxation or would it come from top-slicing the taxation from oil revenues?

**John Swinney:** If Rhoda Grant gives me a moment to cover some other details, I will come on to make a point related to her question.

According to GERS, the finances of both the UK and Scotland were, like the finances of most OECD members, in deficit last year. However, Scotland continued to be in a relatively stronger fiscal position than the UK as a whole; in 2011-12, our deficit was 5 per cent of gross domestic product compared with a UK deficit of 7.9 per cent of GDP. To put that difference into context, it means that Scotland was in a relatively stronger position than the UK to the tune of £4.4 billion, which is equivalent to £824 for every person in Scotland.

At present, Scotland's relatively stronger fiscal position helps to reduce UK public sector borrowing. Independence would allow us to use that stronger fiscal position to support the economic recovery, create jobs in Scotland, and protect the vulnerable. As an illustration—and addressing Rhoda Grant's question—I note that if Scotland had been independent last year, we could have spent an additional £1.4 billion on targeted support for the Scottish economy. For example, a £1.4 billion boost to capital investment

could have supported around 20,000 jobs in Scotland. From that relative surplus, we could have invested £1.4 billion in an oil stabilisation fund, as recommended by the fiscal commission, to smooth any changes in tax revenues in future years and we would still have been able to borrow £1.4 billion less than the UK in relative terms, thereby reducing our future debt interest payments. Even that cautious approach would still have left around £200 million for other priorities, such as reversing the bedroom tax that is penalising some of the most vulnerable households in Scotland.

Scotland's relatively stronger fiscal position last year was not a one-off event. Over the past five years, Scotland has been in a relatively stronger fiscal position than the UK as a whole, to the tune of £12.6 billion. Indeed, looking back even further, we see that in every single year since 1980 tax receipts per person in Scotland have been higher than in the UK as a whole.

Those facts about Scotland's financial strength illustrate the contrast between what would have been possible under the scenario that I just outlined for 2011-12 and our prospects under the UK's economic stewardship.

It is clear after the Westminster budget yesterday that the real risk to Scotland comes from remaining as part of the United Kingdom. By any measure, the chancellor's plan is not working. He will now have to borrow £244 billion more between 2011-12 and 2015-16 than he planned when he set out his austerity programme in June 2010.

Sustainable finances require a growing economy. That is not on offer from the United Kingdom. Yesterday's budget statement coincided with a growth forecast of only 0.6 per cent for this year. Back in June 2010, the chancellor forecast growth of 2.9 per cent—nearly five times higher than what is now forecast. That is a damning judgment on the UK Government's record on the economy.

**Iain Gray (East Lothian) (Lab):** Mr Swinney is talking about the prospects for economic growth. A few minutes ago, the First Minister reiterated his belief that economic growth could be driven by a cut in corporation tax. Perhaps Mr Swinney could answer the question that Mr Salmond refused to answer: where would he like corporation tax to be set?

**John Swinney:** I did not quite catch the last part of what Iain Gray said, so I ask him to repeat it.

**Iain Gray:** The question was straightforward: in the prospects that Mr Swinney describes, at what level does he see corporation tax being set?

**John Swinney:** I answered a question earlier today about income tax rates. Those issues will be determined by the Government of an independent Scotland. It is nice that everybody is now assuming that that will be the case. It advances the debate significantly.

The Government has always believed that we must create a competitive regime for the encouragement and development of economic growth in our society, whether that is about corporation tax or how we use research and development tax credits, which we have long campaigned to secure for a number of key industries. The difference with independence is that we would be able to take the decisions that would boost economic activity in our country and be held to account by this Parliament for taking those decisions.

**Gavin Brown:** Will the cabinet secretary give way?

**John Swinney:** I had better cover some more ground before I draw my remarks to a close.

The figures that I have presented in my speech demonstrate that Scotland's financial position is stronger than that of the United Kingdom but, more important, they show that Scotland has strong economic foundations that would allow us to take a different approach to the recession that could ensure that public finances are placed on a sustainable footing while ensuring that households are still given access to the services and support that they require.

However, we must not lose sight of the fact that Scotland's strength goes beyond her public finances. Scotland's oil and gas sector is going from strength to strength with record levels of investment in the North Sea. By wholesale value, more than half of the oil and gas reserves in the UK continental shelf could still be extracted. That represents a huge resource that, if harnessed correctly, will make an important contribution to the Scottish economy for decades to come.

**Patrick Harvie (Glasgow) (Green):** Will the cabinet secretary give way?

**The Deputy Presiding Officer:** The cabinet secretary is concluding.

**John Swinney:** Even setting aside oil and gas, Scotland has a strong economy and asset base. As oil and gas mature, so the new technologies of renewable energy and carbon capture will reach their peak. We have 10 per cent of Europe's wave energy, 25 per cent of its tidal energy, and 25 per cent of its offshore wind resources. Significant efforts are being made to capitalise on the supply-side benefits of those assets.

We also have a strong intellectual base. Many of our universities regularly appear in

assessments of the top 100 global places of learning.

Beyond any one sector or industry, we have the strength of the people of Scotland and of our nation itself. Last year, a record 87 per cent of school leavers sustained their place in education, employment or training.

Today, as we look forward to the referendum on 18 September 2014, there is no doubt that Scotland can afford to be independent, but it is becoming ever more clear that Scotland cannot afford not to be independent.

We have indisputably strong foundations on which to build independence. With a yes vote, we will have the full tools at our disposal to use that independence to bring together our natural assets with the abilities of our people to make a stronger, fairer and more prosperous Scotland.

I move,

That the Parliament notes the publication of the latest *Government Expenditure and Revenue Scotland* (GERS) report; welcomes its finding that Scotland was in a relatively stronger budget position than the UK as a whole, to the value of £824 per person or £4.4 billion as a nation last year; notes that, in 2011-12, Scotland generated 9.9% of UK revenues with 8.4% of the population while receiving only 9.3% of UK public spending; further welcomes Oil & Gas UK's *Activity Survey 2013*, which shows that North Sea investment is at a 30-year high; believes that, with the enormous potential of offshore wind, wave and tidal power, an independent Scotland would have the potential to secure its future as Europe's energy capital, and agrees with the conclusion of the Fiscal Commission Working Group that there is no doubt that Scotland has the potential to be a successful independent nation.

**The Deputy Presiding Officer:** There is no spare time in the debate. You have a very tight nine minutes, Mr Macintosh.

14:59

**Ken Macintosh (Eastwood) (Lab):** Political consensus has been missing from the chamber over the past few days. I am not sure for how long it will last this afternoon, but I thought that I would begin, at least, by highlighting some of the areas on which we can reach agreement.

Scotland is a strong and prosperous country. John Swinney ended his speech by listing a number of Scotland's virtues. I point out that every area of strength that he listed for an independent Scotland is an area of strength for Scotland as part of the United Kingdom; it holds true that those are strengths for Scotland within the UK. We pull our weight within the UK and I believe that, with the right policies in place, we can look forward to the future with optimism and hope. This is a strong country, financially and otherwise, but it is clear that we can do more so that all in Scotland can share in that prosperity. We can tackle the



inequality of wealth, health and happiness that in the past has been one of our greatest weaknesses.

Where I begin to disagree with the Government motion—I have reached my third paragraph and I am already beginning to disagree—is that I believe that we will be even stronger if we work together within the UK and that we would be weaker apart from our neighbours and partners. I have always viewed our relationship with the rest of Britain as one of shared prosperity and shared risk; I do not take the rather odd view of it as being one of colonial dependency or look at it through the prism of subjugation, as some in the Scottish National Party do.

**Stewart Stevenson (Banffshire and Buchan Coast) (SNP):** Is the member aware that, since the second world war, the UK Government has legislated on 23 occasions to create new independent countries? I am unaware of a campaign in any of those countries to rejoin the UK. Is he?

**Ken Macintosh:** Stewart Stevenson has virtually proven the point that I am making, which is that the SNP views Scotland as some sort of colonial dependency. We are no such thing. We formed a union with the UK. We are part of a union and not a former colony. We are not subjugated by the UK; we are an equal partner in the UK. Stewart Stevenson approaches our membership of Britain in an absolutely bizarre way.

The cabinet secretary quoted the recent GERS figures approvingly, but I would argue—as, I believe, would all the Opposition parties in the Parliament—that they entirely support my view that Scotland's strength lies in our being part of the UK. If we look at the various tables that describe the Scottish economy, they often show that our figures are very much in the median in the UK as far as employment or economic growth is concerned. We are neither the richest nor the poorest part of the UK.

I may occasionally talk the SNP down, but I have no interest in talking Scotland down. What I object to is the rather distorted interpretation of the GERS figures that they somehow show that we are staggeringly wealthy compared with the rest of the UK or that we are particularly hard done by. In fact, the way in which the SNP presents the GERS figures borders on the financially illiterate. Yet again, in the motion before us, the finance secretary takes the percentage of UK revenues that we generate, compares that with the percentage of UK expenditure in Scotland that we receive and somehow concludes not only that Scotland is better off than the rest of the UK but, bizarrely, that we should therefore be independent.

However, Mr Swinney is not, of course, comparing like with like. By comparing percentages rather than the figures themselves, he conveniently ignores the fact that far more is spent in Scotland than we pay in revenue. At best, the SNP's claim should be something like, "Our overdraft is not quite as bad as your overdraft," but that is hardly the picture of financial strength that the SNP would like to portray. The sad fact is that Scotland has run a financial deficit for the past 25 years, and that is not something to be proud of.

Earlier today, the First Minister said that Scotland would be better off by

"£800 for every man, woman and child."

Then he said that we did not have the ability to invest or save that money. That is because it is a deficit. It is not surplus; it is a deficit. The SNP portrays it in entirely the wrong way.

**John Swinney:** I am grateful to Mr Macintosh for giving way. I clearly set out that Scotland and the UK were in deficit in 2011-12 but that, relatively, we were in a stronger financial position, which gave us choices about how we could use that £4.4 billion. We could invest some of it to create an oil fund, use some of it to pay down borrowings more quickly or invest some of it in capital infrastructure. The crucial point is that we have those choices only if we are an independent country.

**Ken Macintosh:** I still entirely fail to see how we can save money that is a deficit; that would be an interesting choice.

It borders on the misleading for the finance secretary not to reveal his projection that, within three years, we will—to borrow his language—be worse off than the rest of the UK. Paragraph 14 of the leaked document—the cabinet secretary's paper to his Cabinet—says:

"Including a geographical share of North Sea revenues, both Scotland and the UK are expected to run a net fiscal deficit in each of the years to 2016-17. Before 2016-17, Scotland is projected to have a smaller deficit"—

having a "smaller deficit" means that we will be better off—

"as a share of GDP, than the UK. However, in 2016-17, OBR forecasts suggest that Scotland would have a marginally larger net fiscal deficit than the UK."

In other words, in less than three years' time, we will be worse off—not better off—than the UK. That is the time when we will supposedly be going independent. At that point, we will not have the "surplus"; we will be worse off.

**John Swinney:** If Mr Macintosh wants to complete his analysis, I make the point—I made it earlier—that, in the years up to 2016-17, Scotland would have had a cumulative relative surplus of

£16.8 billion. We can access that only if we are an independent country.

**Ken Macintosh:** Yet again, the cabinet secretary calls the figure a surplus. We are talking about a deficit, not a surplus. He looks backwards rather than forwards. The motion says that we will be better off and that we should base our future on that projection. If we are talking about Scotland's future, his projections—which have been kept secret and shared with his Cabinet colleagues but not with the rest of Scotland or with the Parliament—are that we will be worse off than the UK in a matter of years.

The notion that independence will make us somehow a more prosperous country is an assertion, and it is debatable. I know that it is debatable because John Swinney recognised that in his Cabinet paper. He clearly recognises the uncertainty, the risk and the volatility and unpredictability of oil prices that accompany independence, yet he chooses to airbrush that entirely out of the rose-tinted vision of independence that he portrays to the Scottish public.

As a country, our largest trading partner is the rest of the UK. Scotland's financial sector—our banks, investment companies and insurance companies—is a vital part of our financial strength. Those companies are united in recognising that we are better together. That fact was demonstrated in spades when some of those banks were threatened with collapse. It was the strength of the UK economy and the UK tax base that allowed us to work together to ensure that they survived.

**The Deputy Presiding Officer:** Last minute, Mr Macintosh.

**Ken Macintosh:** We need only look at Cyprus today to remind ourselves what happens if confidence in banks disappears.

I do not want to hear about the never-never land policies that will never be implemented in Scotland or to hear assertions about how everything would be wonderful if we controlled the levers of power. I want to know what would be done with that power. The Government has power over colleges now and it abuses that power.

The country's real strength is our people—their ingenuity, inventiveness and entrepreneurial spirit—but what happens? The Scottish Government sends the message to those people that it will not invest in their education unless they are going to university—into higher education. *[Interruption]* The cabinet secretary pretends that he does not know what happens because of his decisions.

**The Deputy Presiding Officer:** Mr Macintosh, you need to conclude.

**Ken Macintosh:** The cabinet secretary has cut college budgets. As a result, there are 120,000 fewer Scots in college now than there were when the SNP came to power five years ago.

**The Deputy Presiding Officer:** Mr Macintosh, you must finish.

**Ken Macintosh:** The SNP is telling Scots to go to university and not to go to college, because it is not worth investing in narrowing the academic and vocational divide.

I want to know what the Scottish Government will do now, with the powers that it has, to improve and invest in our economy and to invest in small businesses and our people. It should not talk about some future that is based on the distorted figures that the cabinet secretary presents.

I move amendment S4M-06016.2, to leave out from “(GERS) report” to end, and insert:

“which, it believes, provides further evidence that Scotland is better off as part of the UK; recognises that the UK is Scotland's main trading partner, and that, according to the latest Global Connections Survey, total sales from Scotland to the rest of the United Kingdom were worth £45 billion in 2011 alone; further notes John Swinney's admission in a recently published Cabinet paper that, ‘in 2016/17, OBR forecasts suggest that Scotland would have a marginally larger net fiscal deficit than the UK’, and that in an independent Scotland there ‘would be more volatility in public spending than at present’; is concerned that, according to the Scottish Government's Draft Budget 2013/14, projected investment in infrastructure projects through the Non Profit Distributing model has been reduced by £333 million in 2012/13, and will be reduced by a further £348 million in 2013/14; believes that the Scottish Government could strengthen Scotland's economy by supporting colleges rather than cutting their budgets, investing in Scotland's housing supply, making full use of their own NPD capital investment programme, and ensuring a level playing field for Scottish businesses bidding for public sector contracts.”

15:09

**Gavin Brown (Lothian) (Con):** Many of us had high hopes of the cabinet secretary today. After the outburst yesterday, and after having seen the First Minister and the Deputy First Minister leaving the chamber, we might have expected to hear what he really thinks about the shape of Scotland's finances. We might have also expected that he would share with us what he has clearly shared with the Cabinet on more than one occasion in private, as opposed to simply repeating what he has said many times in public while refusing to answer even the simplest questions about the direction of travel for Scottish fiscal policy were we to separate.

Between them, the cabinet secretary and the First Minister have been asked at least half a

dozen times today what their policy would be on corporation tax. The answer has been either that they do not know or that they know but refuse to tell us. We have been told that it would be up to a future Scottish Government to decide what corporation tax would be, but the cabinet secretary and the First Minister do not appear to have an opinion on what it ought to be or the direction in which they would like to take it.

**John Mason (Glasgow Shettleston) (SNP):** Will the member take an intervention?

**Gavin Brown:** Perhaps Mr Mason will save the Scottish Government by telling us what the SNP's policy is.

**John Mason:** In the interests of clarity, given that the member is demanding to know what somebody else would have as the corporation tax rate in an independent Scotland, what would the Conservative policy be for corporation tax in an independent Scotland?

**Gavin Brown:** First, we do not want an independent or separate Scotland: we cannot be clearer than that.

Secondly, if Mr Mason had listened to the chancellor's budget yesterday, he would have heard that Conservative policy is a corporation tax rate of 20 per cent. There will be corporation tax cuts next month and in a year's time and yet another corporation tax cut a year after that to take us to 20 per cent, which will be the joint-lowest corporation tax in the G8.

I have repeatedly asked the cabinet secretary about the matter because the SNP's big plan for corporation tax used to be that it would take it down to 20 per cent to make us more competitive. Does that remain the big plan, or does the SNP have something else? At this stage, we simply do not know.

There are big dangers in relying on a single year's GERS figures as the basis for the entire case for separation, particularly when we are looking backwards to 2011-12. Despite the percentages that Mr Swinney likes to float about, even in a year in which we had close to record oil revenues, we had a current budget deficit of £3.5 billion and a net fiscal deficit of £7.5 billion. Mr Swinney talks about how we would be £4 billion better off because of the 2011-12 figures, but he seemed unable to answer the basic question about the 2012-13 projections for oil revenues.

**Mike MacKenzie (Highlands and Islands) (SNP):** Will the member take an intervention?

**Gavin Brown:** In a moment.

Very helpfully for me, Mr Swinney pointed us in his motion to the Oil & Gas UK "Activity Survey 2013". It says very clearly on page 33 of that

document that Oil & Gas UK predicts that the revenues for 2012-13 will be £7.3 billion, which is a £4 billion lower revenue collection than that for 2011-12. That rather negates the £4 billion figure that Mr Swinney seemed to rely so much on.

**John Swinney rose—**

**Gavin Brown:** I said that I would give way to Mr Mike MacKenzie. I hope that he will forgive me for taking an intervention from the cabinet secretary.

**John Swinney:** Has Mr Brown thought that the projected decline in oil revenues in the short term might have something to do with the tax raid that was inflicted on the oil and gas industry by the United Kingdom Government, which essentially stemmed investment in the North Sea, and that we are now seeing investment that will result in a significant increase in production by 2016-17?

**Gavin Brown:** Just yesterday, the Office for Budget Responsibility reproduced its latest projections, which were accurate and taken up to 7 March this year. The figures take into account changes over the past couple of years and announcements about investments. That ties in with a paper by the Institute for Fiscal Studies, which asks serious questions about the overreliance on oil by future Scottish Governments.

**The Minister for Transport and Veterans (Keith Brown):** Will the member give way?

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

**Gavin Brown:** Perhaps I can give way to Mr Brown in my closing speech.

There is an overreliance on oil, which we know is volatile and ultimately diminishing. We know that, even in a year in which there are close to record oil revenues, we have a deficit in Scotland. As a separate country, we would have a substantial debt burden, and without a track record or credibility over a long period, we would have serious issues with the debt burden that we would face and the interest that we would have to pay on our borrowing.

We have more difficult issues with demographics than the rest of the UK and, as a consequence, we say that we would face tougher challenges as a separate country than we would as part of the UK.

Spending is substantially higher per head in Scotland. Oil may plug some of the gaps in the short term, but due to volatility and the fact that reserves are diminishing, we face serious challenges in the medium to long term. With separation, the cost of borrowing would be higher and the demographic pressures would be greater,

which makes it a very big risk in the medium to long term.

I move amendment S4M-06016.3, to leave out from “welcomes” to end and insert:

“believes that analysing Scotland’s financial capability has to be conducted with a longer-term focus than a single year of GERS figures; notes that the £10.573 billion from North Sea revenue in 2011-12 was one of the highest figures on record and is higher than most predictions for future years, including the projections published by the Office for Budget Responsibility in March 2013; notes that oil revenues are historically volatile; believes there is a strong likelihood that financial markets could assess risk less favourably in a separate Scotland and raise the cost of borrowing; notes that public spending per head is higher in Scotland than the United Kingdom average and believes the demographic issues faced by Scotland are more challenging than the United Kingdom as a whole.”

15:15

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

John Swinney’s leaked Cabinet paper was a good mixture of optimism and caution, but what followed just four days later was pure, unbridled make-believe. It was remarkable that the SNP moved from “considerable uncertainty”, which is a quote from his private paper, to “little doubt” in public just a few days later. We all know that oil prices are volatile, falling and unpredictable, yet the SNP now says that prices will always be high and that oil revenues will always grow and will be predictable. That is make-believe and, privately, SNP members know that.

Budget holders are always more cautious when they come to estimate oil. The independent OBR makes cautious predictions because the prices are volatile and unpredictable. The Norwegians, who are often quoted by the SNP, are also cautious and pick broadly similar estimates.

**Keith Brown:** Will the member give way at that point?

**Willie Rennie:** Certainly.

**Keith Brown:** On his point about the cautious nature of the OBR estimates, did the member see Robert Chote on television last night? When asked why the OBR had got every single major prediction wrong, he said that it had underestimated oil prices. Those are the words of the OBR’s chairman, Robert Chote—that it had underestimated oil prices.

**Willie Rennie:** That actually makes my point. The issue is that oil prices are extremely difficult to predict. That is why we have to be cautious, and it is why the Norwegians are cautious. I am surprised that the minister is not taking advice from them as he has done in the past.

The difference in recent years between oil revenues at a low point and at their highest point

is £11 billion—which happens to be, roughly, the budget of the national health service in Scotland, so the significance of any mistake that we make will be great. Even with high oil prices and revenues, it is quite remarkable that the SNP still celebrates the fact that we are running a deficit. Even at the high point they are celebrating that. I have met few households—

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

**Willie Rennie:** Not at the moment.

I have met few households that celebrate spending more money than they receive. That is usually time for serious remedial action in any household, but not with the SNP. SNP members celebrate running a £7.6 billion deficit simply because it is not as bad as their neighbour’s. It is just as well that it is the law in the Parliament that John Swinney has to deliver a balanced budget—God knows what would happen otherwise.

**John Swinney:** I ask Willie Rennie to reflect on his last remark, given that when I set out the choices that would have been available to an independent Scotland in 2011-12, not all of them were about spending money. They were partly about investing for the long term in an oil fund and partly about accelerated debt repayment. I do not think that, if we are to have an open and considered debate on these subjects, Mr Rennie’s characterisation in that last remark was particularly fair.

**Willie Rennie:** All I hear from the SNP’s benches, day after day after day, is a rejection of any change that the Westminster Government introduces without a single explanation as to how that will be paid for—not one single explanation. The SNP also does not spell out that the Norwegians managed to pay for their oil fund and public services by having higher taxes. We do not hear that in this Parliament, but that is the reality of what Norway does. Again, the SNP ignores the Norwegian advice.

We face considerable challenges in Scotland. There are the demographic changes, which Gavin Brown mentioned and which are happening faster than elsewhere in the UK. The demand for services is acute. There is intergenerational poverty. There are huge pockets of poverty in parts of Scotland, which we must tackle. There are the climate change objectives and targets. I am delighted that the Government delivered those targets, but they are strict targets, which require a huge amount of investment.

We do not need efforts to be founded on make-believe plans about income from oil, which is volatile, unpredictable and falling. That would let down elderly people and people in need—and the climate. The SNP faces a test in that regard. It

needs to consider how it will make its plans add up.

The SNP is very good at making promises to groups, but it fails to provide a comprehensive account of how those promises will be paid for—*[Interruption.]* I heard an SNP member say “welfare”. Welfare reform to make work pay is difficult. The SNP opposes absolutely everything but fails to offer its own suggestions for reform. It promises every group everything, but to reverse the plans would cost £2.5 billion.

Pensions reform is necessary, as Mr Swinney said in his paper, in which he alluded to the cost of putting things right. He promises everything to public sector workers, without spelling out how he will pay for what he offers.

On defence, the SNP appeals to every community, saying, “We’re on your side”, but fails to spell out the cost. On taxes, it makes promises on air passenger duty, fuel duty, VAT and corporation tax but fails to spell out how it will pay for them.

**The Deputy Presiding Officer:** You must conclude, please.

**Willie Rennie:** It is simply not credible to promise every group everything while telling us that it is for a future independent Government to work out how to pay for everything.

I move amendment S4M-06016.1, to leave out from “report” to end and insert:

“notes in particular the volatility of oil and gas revenues over the last four years, annual changes in which can exceed half the entire cost of the NHS in Scotland; welcomes the strength of the oil and gas industry, including its tens of thousands of jobs in Scotland, all within the UK framework; is disappointed that the Scottish Government continues to delay the publication of an overall assessment of the cost of its policies for an independent Scotland and is disappointed that the Fiscal Commission Working Group did not address this; notes that the Expert Working Group on Welfare and Constitutional Reform has been provided with analysis from Scottish Government officials showing that the welfare costs for Scotland will increase by £1.9bn from the current year to 2017-18; believes that it should be a priority for the Scottish Government, upon receipt of the report of the Expert Working Group on Welfare and Constitutional Reform to publish, before the summer recess, a statement showing the costs of its promises to increase spending and its commitments to reduce taxes; believes that the people of Scotland deserve straight answers to the overall, fundamental question of affordability rather than being strung along by a series of ad hoc commitments deigned to appeal to particular groups yet divorced from any analysis of overall affordability.”

**The Deputy Presiding Officer:** We are very tight for time, so I cannot let any member go over six minutes.

15:21

**Aileen McLeod (South Scotland) (SNP):** I am pleased to speak in support of the Government’s motion. I am particularly pleased that the debate will be informed—at least from the SNP benches—by hard facts. I was going to say that even the Opposition parties would have great difficulty disputing the facts, but Opposition members have been disputing the facts this afternoon.

I refer, of course, to the report, “Government Expenditure & Revenue Scotland 2011-2012”, which was published by the Office for National Statistics. The most recent GERS report records that in 2011-12 Scotland’s contribution to the UK Government’s revenues again exceeded the share of UK public spending that was attributed to Scotland by a staggering £4.4 billion, or £824 for every person in Scotland. It also demonstrates that in 2011-12 Scotland’s public finances were in much better shape than those of the UK as a whole and that, when expressed in headline budget terms, Scotland’s overall budget deficit equates to 5 per cent of GDP, compared with a UK deficit of almost 8 per cent.

It is worth stressing not only that Scotland’s relative fiscal position is better than the UK position but that in 2011 Scotland’s budget deficit was lower than the average of the 36 advanced economies that are tracked by the International Monetary Fund. The 2011-12 data are not a fluke or a one-off result, as the GERS analysis demonstrates. Between 2007-08 and 2011-12, Scotland’s average fiscal deficit was 5.9 per cent of GDP, compared with 7.6 per cent for the UK as a whole. In other words, since the SNP took office in 2007, Scotland’s fiscal position has systematically outperformed that of the UK as a whole.

That demonstrates not only the financial viability of an independent Scotland but the outstanding competence of our finance secretary, in stark contrast with the dismal performance of successive UK Labour and Tory chancellors over the same period.

**Ken Macintosh:** Will the member give way?

**Aileen McLeod:** No. I am sorry, but given the lack of vision, ambition and ideas in Opposition members’ speeches this afternoon, I will not be taking any interventions. *[Interruption.]* Well, it is about time that we got the facts on the record, which is what I will do with the time that I have left.

It is preposterous to assert that an independent Scotland is not financially viable, as many members on the no side continue to do. As official data show, Scotland is more financially viable outside the UK than inside it. The fact is that Scotland’s population contributes much more to

UK receipts than it receives back in expenditure. The GERS report shows that in 2011-12 Scotland contributed 9.9 per cent of all UK revenues but received only 9.3 per cent of total UK public expenditure—and with a population share of only 8.4 per cent. Scotland is more than paying its way.

Doubters need not take only the word of the Office for National Statistics. A few weeks ago, the fiscal commission working group produced its first report on the macroeconomic framework under independence. That group, which included two Nobel laureates in economics, not only endorsed the financial viability of an independent Scotland but set out in considerable detail the economic policy options facing an independent Scotland to grow our economy and offered invaluable advice on establishing an appropriate framework for maximising the economic gains on offer from independence. Those economic gains include higher rates of economic growth, greater equality among our citizens and a stable framework for business and investors. The fiscal commission reminded us that, by international standards, Scotland is a wealthy and productive country, but we can become wealthier and more productive after independence because only then will we have the power to use the full range of economic policy levers to meet the challenges that we face and maximise the opportunities collectively available to us as a nation.

If further proof of the merits of independence was required, surely it was provided by yesterday's budget statement at Westminster, which laid bare the disastrous consequences of three years of botched policies—policies that continue to be supported by Tory and Liberal Democrat members of this Parliament. After an unprecedented triple-dip recession we learn that economic recovery is further postponed, that borrowing will rise even higher and that the discredited austerity drive will bite even deeper for our disadvantaged and vulnerable. Amid the economic and social wreckage, all we hear once again is the all-too-familiar Tory view that there is no alternative, although this time round the ranks of the Tory chorus line are augmented by Scotland's Liberal Democrats.

There is an alternative for Scotland and it is independence. The Opposition parties in this Parliament would have the people of Scotland believe that Scotland is too weak to be independent and that our wealth is based on a volatile natural resource that could suffer a calamitous loss in value overnight. For 40 years the people of Scotland have been duped about the scale and value of North Sea oil reserves, and that strategy continues today. At a time when investment in the North Sea is at its highest level in 30 years and expected to rise to £13 billion in 2013, we are expected to take seriously the better

together proposition that oil revenue is a curse that we would be better off without. Given that oil reserves worth an estimated £1.5 trillion are still to be exploited, that is scaremongering and I doubt that many people will fall for it on this occasion.

On Thursday 18 September 2014, the people of Scotland will face two choices: having more of the same failed policy imposed from Westminster, or putting the future of Scotland in the hands of those who live and work here and granting the Government of Scotland the powers that it needs to grow our economy and invest in our future.

Scotland is not only financially strong; we have tremendous potential and if we are to make progress our Government needs the powers over economic and social policy that only independence will deliver. The Opposition parties tell us that Scotland cannot afford to be independent, but as the finance secretary has said, the reality is that Scotland cannot afford not to be independent.

15:27

**Malcolm Chisholm (Edinburgh Northern and Leith) (Lab):** I accept that everyone on the opposite benches—many of whom I like and respect—is hoping and dreaming that everything will begin to be significantly better for Scotland from 2016 onwards, but I think that it is our duty to take a hard-headed view of the economic and financial circumstances that we will face in 2016 and thereafter.

A lot of the debate today has concentrated on revenues, particularly from oil, but we really need to look at that within the wider perspective of what the economy will be like. We ought to look at issues to do with debt and monetary and fiscal policy more generally as part of the debate.

Let us start with the revenues, given that that is what is dominating the debate today. Let us strip out oil just for 30 seconds or so. The first thing that we have to acknowledge is that expenditure per head is higher in Scotland than in the rest of the UK. On the latest figures, it is slightly over £12,000 per head in Scotland and slightly less than £10,000 per head elsewhere in the UK. So, we would clearly have to have significantly more per head in revenues on an on-going basis in order even to keep things in their present state.

Secondly—again, stripping out oil—Scotland has for some years collected slightly less per head in taxation. Logically, as oil and gas eventually run out and the revenues fall, which I accept will be over a considerable period, the fiscal challenge facing Scotland will be greater than that facing the rest of the UK. SNP members will say, "That's unrealistic. We have oil for several years." Looking at oil historically, we accept that last year—which

has been much quoted—and in several recent years, Scotland was in a stronger financial position than the rest of the UK. However, that was not the case in the 1990s when I started as a parliamentarian. In 1991-92, oil accounted for only 3 per cent of Scottish revenue. In general, throughout the 1990s, Scotland was in a weaker financial position than the rest of the UK.

The point, of course, is that it is the future that matters now. A lot of the debate therefore centres, understandably, on the price of oil in the next few years. This has been well aired in the debate already, but as the Centre for Public Policy for Regions said recently, the Scottish Government is working on the most optimistic predictions for the next few years. That is against the advice of the fiscal commission, as Willie Rennie reminded us. He also reminded us that the Norwegian central bank—and the IMF, although I cannot remember whether he mentioned the IMF—said that oil would be less than \$100 a barrel. We have to be—let us just say—slightly cautious about the kind of figures that the Scottish Government is putting out for oil over the next few years.

As I said at the beginning, this should not just be a debate about revenues and oil. We have to tell people what the situation will be in 2016. The cabinet secretary started with a very stark contrast between two futures. I ought to remind him that the UK faces two futures in the 2015 election, but I will leave that aside. He suggested that if we stay with the UK we will have austerity, and if we go with Scotland we will have the end of austerity. I do not think that that serves the debate. He was being more straightforward when he presented his paper to the cabinet. I think that those on the SNP benches will still support independence, even if we have to take a gloomier economic view of it.

We have to be absolutely honest with the people of Scotland. The reality is that in 2016 the UK will face something like £120 billion of debt. Scotland will have to take at least its population share of that, and servicing that debt will loom large in the early years of an independent Scotland, if it came to pass. As Gavin Brown alludes to in his amendment, there would be a credit risk differential for Scotland and Scotland would have to pay higher interest on its debt than the rest of the UK would. Scotland would have to run a convincingly prudent fiscal position in the early years of independence, compared with the rest of the UK. We must face that fact and not pretend that everything would suddenly be a lot simpler.

**John Mason:** I take Malcolm Chisholm's point that it would be a challenge if we start afresh, but does he not think that his argument is somewhat weakened by the fact that the UK has already lost

its AAA rating? Losing that rating was a fear for Scotland.

**Malcolm Chisholm:** The UK in is a weaker position than it was, but I am arguing—as many economists have argued recently—that Scotland would be in an even weaker position as a peripheral country in a currency union, which is the next point that I am coming to, and as a new country.

That leads to the point that has been much aired on various occasions in the Parliament recently, about what our position would be in a monetary union with the rest of the UK. We must face up to the fiscal consequences of that. The SNP's key argument for independence is that we will have more fiscal freedom. The reality is that we would not have untrammelled fiscal freedom as part of a monetary union with the rest of the UK. Indeed, Dr Andrew Goudie, who was the cabinet secretary's chief economist until a few weeks ago, said recently in *The Scotsman* that there would be severe limitations on taxation policy in such a situation. We would not be free, untrammelled and without problems in the way that the SNP and even the cabinet secretary in his opening speech suggested.

I suppose that part of my argument for staying in the UK is the question of why we would want to leave a country in which we can have significant influence through our elected representatives, in order still to be controlled in economic terms, to a large extent, by a country over which we would have no influence.

15:34

**Kenneth Gibson (Cunninghame North) (SNP):** Scotland's financial strength is the key to securing a prosperous independent future—a future that unionist members do not wish us to have. In a democracy, we have choices to make and each of us respects the right of others to have a different opinion and see things from a different perspective.

I have often wondered what it must be like to be a unionist MSP, waking up each day wondering how best to make my country look poor, inept and insecure, and wondering which group of citizens to try to scare into the no camp: maybe pensioners, by telling them that there will be no state pension in an independent Scotland; the sick and the vulnerable, by saying that there will be no NHS; or those who are just trying to get by, who are told that economic oblivion will follow a yes vote. Surely—even when it is dressed up a little, as it was, at first, by Ken Macintosh—it cannot provide much job satisfaction to have to make a career out of slagging off the prospects and potential of one's own country and seeking to undermine our

national self-confidence and belittle Scotland at every turn. I hope that, sometime, the scaremongering will stop and a supposedly positive case for the union will be made. However, I have seen little of that today and I am not holding my breath.

For decades, the old myth that Scotland—the cradle of the enlightenment—is a subsidy junkie surviving on English handouts has been peddled by myriad unionist politicians in a deliberate attempt to foster an inferiority complex north of the border and keep Scotland in its place. Happily, that myth has been debunked. Time and again, report after report has shown Scotland's financial position to be stronger than the UK's. Indeed, the day that we hear a Tory Prime Minister accept that Scotland would “of course” be able to stand on its own two feet, we know the game is up.

**Iain Gray:** Does the member accept that the most recent significant politician to question the affordability of pensions in a separate Scotland was Mr Swinney? Was he scaremongering?

**Kenneth Gibson:** If Mr Gray did as we did in the Finance Committee and considered the issue of pensions in the context of all western European countries, he would see that they all face challenges. The Scottish challenge is not worse than anyone else's. What upsets me is that Labour always tries to put Scotland down, saying that we have a unique problem—pensions, the recession or whatever it happens to be—and that, somehow, our people are too inept to be able to make a better fist of it than the UK. The reality is that Labour would rather that Scotland was run by the Tories in London than was independent.

Mr Chisholm talked about oil revenues being less in the 1990s, but if we had been independent in the 1970s—which might have happened, if the Labour Government had not deliberately lied about Scotland's oil prospects then—we might have saved ourselves 18 years of Tory Government and would have been able to re-equip our economy for the 21st century so that we could enjoy some of the standard of living that we now see in Scandinavia.

Scotland does well, and will do much better when it is an independent country, with its own resources. We more than pay our way, but we continue to tolerate the reactionary policies of successive Labour and Tory Governments, which brought us tuition fees; the highest fuel prices in Europe despite the fact that we have 64 per cent of Europe's oil reserves; the worst state pension in the developed world, in relative terms; the private finance initiative; the poll tax; Trident; and the Iraq war.

Scotland, with its great wealth, could choose a different path, using our resources to improve

society and making decisions that better reflect the aspirations of Scotland's people. Imagine what Scotland could do if we were able to utilise our stronger position—£4.4 billion last year—which the cabinet secretary outlined in some detail?

**Ken Macintosh:** Will the member give way?

**Kenneth Gibson:** I would like to take Mr McIntosh's intervention, but time is against us, and I have taken an intervention from his colleague already.

With the squandering of that opportunity, how can unionist members assert with sincerity that we are better together, while the dead hand of Westminster jeopardises economic recovery, costs Scotland jobs and attacks some of the most vulnerable in our society?

Like any other nation, Scotland could sustain itself through general taxation, but we also have the huge advantage of North Sea oil. Despite the alleged volatility of North Sea oil prices, I see no campaign in Norway to reunite with Sweden in order to surrender control of that resource—and, of course, Norway depends to a much greater extent on oil for economic success than Scotland would.

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

**Kenneth Gibson:** I have already said that I do not have enough time, Gavin. I have taken an intervention already.

Remarkably, the bitter together Con-Lab alliance is desperate to talk down that remarkable natural resource and is quick to scaremonger, claiming that the oil is running out and is not worth all that much anyway.

As the First Minister said earlier this afternoon—he has said it twice today—only the finest minds of the Labour and Tory parties could claim that Trident nuclear weapons are an asset and North Sea oil is a liability. We are in the midst of a new oil boom, which will see revenues increase by £3 billion annually by 2017. As the cabinet secretary has already said, we are not using the most optimistic projections. The OECD uses a figure of \$150 a barrel; we are using a figure of \$113. We have been conservative in our estimates.

With oil and gas from known reserves expected to last at least another 40 years, using existing technology, it is imperative that future generations of Scots benefit from that huge wealth. Instead, it is being frittered away by the London Treasury. An independent Scotland would have the flexibility to make better and more progressive choices.

Norway enjoys the benefits of huge oil and gas resources. Only 15 years ago, it began investing in the oil fund that has been described this afternoon. That is far more impressive than the £1 trillion-plus



debt that the UK Government has accumulated. It is time that Scotland benefited from our great resource and used it to create a more prosperous and egalitarian society.

All the evidence shows that smaller nations are more fleet-footed, able to adapt to economic change and operate more efficiently. Indeed, small nations consistently top economic league tables. An independent Scotland would be no exception. Only independence can secure Scotland's financial future and allow Scotland to become the great success that it could, should and will be.

**The Deputy Presiding Officer:** I remind members to use full names.

15:40

**Margaret McDougall (West Scotland) (Lab):** I welcome the opportunity to speak in the debate. Instead of following the example of the Government, distorting figures to make an argument for separation, I will take the time that has been allocated to me to encourage the Government to consider the resources that we should be investing in to secure a stable future. The people of Scotland deserve to know that there can be more stability in their future—stability that cannot be guaranteed by the changeable value of our oil reserves. Our future depends on utilising our greatest resource: the people of Scotland.

If the SNP Government was not so distracted by separation, it would see the importance of investing in colleges instead of cutting their budget by £35 million and it would invest in real apprenticeship schemes instead of spinning rhetoric. If it had invested the autumn statement capital consequentials in housing at a level of £330 million over two years, it could have provided a boost to the jobs market and stimulated the economy at the same time—not to mention helping to provide homes for the 45,322 people who were registered homeless in Scotland in 2010-11.

Given the most recent employment statistics, which revealed that female unemployment has gone up by 8,000 in the last quarter, the Government should be focusing on investment and training opportunities and on reversing the cuts to colleges, which so disproportionately affect women. Although I welcome the rise in employment in general, it is not good enough to overlook the negative points in the most recent unemployment figures, especially when North Ayrshire, which I represent, has a 6.8 per cent unemployment rate, which is the highest in Scotland, whereas that of Aberdeenshire is only 1.2 per cent, which is the lowest in Scotland. That is not only bad news for my constituents; it paints a broader picture of an SNP Government that is

reliant on jobs in the oil and gas industry to boost levels of employment in one part of the country while it refuses to invest in further education and skills training in other parts. That inequality must stop. How can we hope to secure our future without investing in the future working generations of the country?

But no: instead of decisively leading Scotland out of recession by training and educating the future workforce, the SNP Government is busy manipulating facts and figures to suit its arguments on separation.

**Linda Fabiani (East Kilbride) (SNP):** Does the member have a memory of one Jim Murphy, who was incumbent at the Scotland Office at the time, having to retract his press release analysis of the GERS figures and admit that Scotland was in a far better position than the UK? Given that, can she tell me what the UK has done over the years about all those issues that she is concerned about?

**Margaret McDougall:** We have heard enough figures being bandied back and forward today, and I am not going to add to that.

The SNP claims that we would be viably set up as an independent country 18 months after the referendum.

**John Swinney:** They have no figures.

**The Deputy Presiding Officer:** Order.

**Margaret McDougall:** That is at the same time—2016—as when the CPPR says that our oil revenues will fall and Scotland will become the worst-off place in the UK. We heard only yesterday that the Office for Budget Responsibility has predicted Scotland's oil and gas revenues to have fallen by 40 per cent in 2012-13 compared with the previous year. That is not to mention that, two weeks ago, in leaked Cabinet papers, the finance secretary admitted:

"We will need to be mindful that these pressures could reduce the resources available to provide additional public services".

Why not take that private reticence on the viability of an economy built on oil reserves to the public? It is time to stop the focus on volatile and uncertain sources of revenue and instead value our workforce as a foundation for the economy that we can rely on.

Leading economist and Nobel prize winner Professor Stiglitz informed the Economy, Energy and Tourism Committee that

"if an economy is growing ... on the basis of natural resources that are being depleted, that raises a question about whether it is sustainable."—[*Official Report, Economy, Energy and Tourism Committee*, 27 February 2013; c 2606.]

The only way in which to secure the sustainability of Scotland's economy is not to base it on oil, but to invest in skills and education.

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

**The Deputy Presiding Officer:** The member is in her final minute.

**Margaret McDougall:** We need more investment in further education; a boost to capital expenditure programmes, which will create jobs; and better funding for childcare to allow greater numbers of women to get into work—that is what the Government should focus on in the here and now.

The UK Government spends more per head in Scotland than it spends anywhere else in the UK, so instead of speculating on what might be, we should make the most of that spend to build a highly skilled, highly educated and highly productive workforce. We have to step away from the spin and political manoeuvring displayed by the SNP in this debate and, instead, push for real investment in what should be a prosperous and sustainable future for Scotland.

15:46

**Linda Fabiani (East Kilbride) (SNP):** As my colleague Aileen McLeod detailed earlier and as John Swinney's motion details, the facts are there: the latest GERS report clearly shows Scotland's financial strength and the work of the fiscal commission working group confirms that Scotland has the potential to be a successful independent nation. It is that financial strength and potential combined that makes the future so very exciting: having the ability to decide for ourselves how our nation and those who live here can turn from the mismanagement of the past and head for a successful future.

It is about having the ability to decide what kind of society we want ours to be. How can anyone not welcome that? For me, at the very least we would not tell those who live in council or housing association properties that they are not entitled to call their house their home if they hit hard times. We would not force those with disabilities to endure additional anguish and stress through cruel welfare reform or threaten to withdraw free prescriptions, free education and even concessionary travel.

I despair when I look at what is being imposed on my fellow Scots, which is particularly galling when we consider the financial strength and potential here that can surely no longer be denied by any clear-thinking person. After all, even when one discounts oil and gas output, Scotland has the

third-highest GDP per head in the UK, behind that of London and the south-east.

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

**Linda Fabiani:** No, thanks—away and talk to your people in Westminster and tell them to stop being so cruel to people in our nation.

**The Deputy Presiding Officer:** Speak through the chair, please.

**Linda Fabiani:** Taking energy into account, Scotland is one of the richest nations in Europe, but still the nay-sayers talk us down, as evidenced by today's amendments from Labour, the Conservatives and the Liberal Democrats. Those better together guys tell us that we need to be careful that Scotland does not take too high a risk by opting for independence. However, what risk are Scots taking if we stay in the union? It is easy to judge that, if we look back over the period of the debate about the management of our oil.

As even Jack McConnell recognised some years ago, population change is a powerful measure of economic performance. Any country that has enjoyed the bonus of 40 years of oil revenues and development should be doing well internationally, retaining its existing population and attracting more. Uniquely, that is not the case for Scotland. Westminster managed the impossible in creating a population decline in an oil-rich country. In all our near neighbours—Ireland, the rest of the UK, Denmark, Norway and Iceland—the population grew between 1970 and 2010. In Scotland, it stagnated for most of that period and people left to pursue lives elsewhere.

At the beginning of the debate over Scotland's oil wealth, two big unionist parties dominated Scottish politics: the Tories, who have been reduced to a rump across the country; and Labour, which has retreated into an increasingly narrow heartland. That heartland has seen little benefit from 40 years of oil exploration off Scotland, unless we count—I say to Margaret McDougall—high levels of deprivation and unemployment as a benefit of the union. Looking at past performance, can anyone who represents people in Scotland really believe that Westminster will manage our future resources in the interests of members' constituents? If the no campaign succeeds, we will see a continuation of Scotland's resources draining south to prop up a failing UK economy. With half the value of oil still to extract, it is time to recognise the truism that those who fail to learn from history are doomed to repeat it.

It is sad that, in its desperate efforts to bolster the union, even the Labour Party has lost any sense of acting in Scotland's interests. It was so busy telling us that oil is not Scotland's salvation that it allowed it to be drained off to fund an unsustainable boom in London, for which we are

now paying the price. Scottish people are now paying the price. For 40 years, the driving force has been the needs of the London Treasury and not the prospect of building a sustainable energy future and a sustainable social future.

Opposition parties demonstrate their lack of concern for the long term every time they welcome Westminster's misrepresentation of the industry's future. We hear a lot about recent OBR forecasts. They bear little relation to those of other commentators, yet members of the better together parties, whether in the UK coalition or not, simply trumpet them as proof of Scotland's lack of potential in the industry. I heard Willie Rennie on television the other night talking about the OBR's track record. Margaret McDougall talked about that today. The OBR was only formed in 2010. How can it have a track record? It is ridiculous.

**Willie Rennie:** Will the member take an intervention?

**The Deputy Presiding Officer:** The member is in her last minute.

**Linda Fabiani:** According to many UK Government forecasts, the Scottish oil industry should have shut its doors long ago. Instead, the Treasury has extracted up to £12.5 billion annually to prop up its financial mismanagement.

I started my speech with straight facts and I will end with the same. Yes, the oil market is volatile, but peaks and troughs can be well managed—look at Norway. Scotland is a marvellous country. It is buffeted by wind energy, its glens flow with hydro power, much of the landmass is built on coal and it is surrounded by oil. Only Westminster could turn Scotland into a land from which people emigrate to escape poverty. Only better together could tell us with a straight face that it is a risk to leave decades of mismanagement behind us.

**The Deputy Presiding Officer:** Will you come to a conclusion, please?

**Linda Fabiani:** We can make Scotland better. We have a resource in our people and we have resources all round our land. That is the vision for which we should vote yes, because the alternative is, at best, more of the same.

15:52

**Iain Gray (East Lothian) (Lab):** This debate is less about the strength of Scotland's financial position and more about the weakness of the SNP's financial arguments. Above all, Mr Swinney's motion seeks to discredit his own analysis of Scotland's financial prospects post-separation as outlined to his own Cabinet colleagues in his own Cabinet paper, which was leaked two weeks ago. Truly, this Government has taken us through the looking-glass, with SNP back

benchers rubbing Mr Swinney's private analysis on Mr Swinney's public behalf. We have just heard Linda Fabiani lambast those who base their analysis on OBR estimates, which is exactly what Mr Swinney did in the paper that he prepared for the Scottish Cabinet.

I remember the first North Sea oil boom. When I was growing up in Inverness, you could not miss it. Tens of thousands of Scots were building oil rigs at Ardersier and Nigg and the rigs were literally queued up along the Moray Firth. Every family and town had somebody working offshore with stories of unheard-of wage packets and leisure to spend them. I do not see that happening now, but what I do see is a mature, growing oil and gas industry based around Aberdeen that demonstrates daily the world's current confidence in Scotland. There are major new headquarters for Norwegian companies such as Statoil and Aker and significant investments from Korea and Sinopec from China. Transocean is planning to base all its global training outside the US in Aberdeen. A recent Lloyd's survey showed that four out of five companies there plan growth, but it also showed that that growth is primarily international and that, for most companies, North Sea operations constitute 20 per cent or less of their business.

Those investments are happening right now in Aberdeen. They were attracted exactly by Scotland's openness to their business, by our position as part of the English-speaking world and by our position as part of a stable United Kingdom and part of the European Union. They do not depend on Scotland's share of the continental shelf. We can build an oil industry that will outlast North Sea oil, and we are doing it right now as part of the United Kingdom. Those companies tell us that their problem is finding the skilled workforce that they need, so they would be better served by a Scottish Government investing more in college places and less in separatist rhetoric.

As for renewables, a former leader of the SNP published a document last week that says that the £2 billion subsidy required by our renewables industry is

"all right if paid for by England ... but it is not clear how this could be done when Scotland is independent."

The inconvenient truth, which even lifelong nationalists cannot hide from, is that Scotland's undoubted potential in renewable generation is strengthened by Scotland being part of a United Kingdom.

We are told today that Scotland would be better off to the tune of £824 per person. That figure is explicitly designed to sound like a separation windfall. Mr Swinney has even told us how he would spend it. Earlier today, the First Minister

called it a “surplus”. Ken Mackintosh is right, though. It is not a surplus. It is £4.4 billion of deficit. Mr Swinney is saying that if he inherited a deficit smaller than the UK’s, he would immediately increase it to George Osborne levels of fiscal mismanagement, which he described today as an unsustainable level of debt.

**John Swinney:** Mr Gray has just departed fundamentally from the Labour Party’s economic narrative, its criticism of George Osborne and its belief that there is a legitimate argument for borrowing to invest in growth in the economy. Is that what he is saying to Parliament today?

**Iain Gray:** Not at all. There is nothing wrong with deficit budgeting if it is honest, transparent and invested properly. What is not acceptable is to slice and dice debt and pretend to the Scottish people that it is an asset that we can spend—not once but over and over—and to promise Scots prosperity based on sub-prime bookkeeping. The idea that we create a stabilisation fund by an unsustainable—by Mr Swinney’s own admission—level of deficit seems Orwellian.

Mr Swinney had a reputation for fiscal probity. He was the one willing to force unpalatable decisions on his colleagues, telling them that they could not afford to cancel student debt and that they had to cancel rail links to airports, cut the housing budget and slash spending on colleges. He earned his characterisation as the austere bank manager of the Government. When John Swinney told the Cabinet that, within a few years, Scotland’s deficit would be worse than that of the UK and that oil would dominate a separate Scottish economy, with price volatility and declining production threatening cuts to public services and defence, that was Mr Swinney, the trustworthy bank manager.

Now, Mr Swinney is lambasting George Osborne for offering him funny money to spend, but his motion proffers exactly the same currency to pay the price of separation. As for his wise words on oil, the Cabinet did not want to hear that, so he was sent out, like a poor man’s J R Ewing, to declare that he had seen the future and it was oilier than he had thought after all.

Keynes said:

“When the facts change, I change my mind.”

Mr Swinney is saying, “The First Minister has told me to change my mind and now I’m going to change the facts.” With that, he has sacrificed his hard-won fiscal credibility.

**The Deputy Presiding Officer:** I am afraid that we have lost a lot of time from the debate, which will have an impact on the final speakers.

15:58

**John Mason (Glasgow Shettleston) (SNP):** We have heard today that Scotland is in a much stronger position than the UK. We have heard that, for 8.4 per cent of the population, we contribute 9.9 per cent of the revenues and get 9.3 per cent of the expenditure. At the point of independence, of course Scotland starts at the same low point as the UK. However, the point is that we can climb out of the pit faster.

No one is saying that we are immediately in surplus, but we have heard figures today showing that Scotland is relatively better off than the UK by £4.4 billion. We could reduce the debt by £1.4 billion, which I think deals with what Iain Gray was saying, and we could invest in housing or whatever.

Is it really the Opposition’s contention today that it is better for Scotland to stay poorer and subsidise the UK? When we are out in the street, some people say to us, “Better the devil you know than the devil you don’t.” I therefore want to spend a little bit of time looking more closely at the UK, the devil we know.

In the past, we were told that if we voted for devolution or independence, we would lose Linwood and the steel industry. In fact, we have lost both: the UK lost us our steel industry and our car manufacturing. Similarly, we were told that an independent Scotland might lose its AAA credit rating. What has happened? We have lost the AAA credit rating. Who lost it? The UK.

Surely, it is clear that the UK is a failure. London politicians may look down on Greece and Cyprus, but the reality is that we are not far away from them. On a list of countries by gross government debt as a percentage of GDP, Japan—unsurprisingly—is first and Greece is second. However, Cyprus is only 33rd and the UK is 20th.

Debt is not wholly bad, especially if it is used for capital investment with a long-term benefit, so I would support short-term borrowing.

**Gavin Brown:** John Mason suggests that we are not far away from Greece and Cyprus. Do investors around the world think that?

**John Mason:** That is why the UK lost its AAA rating. Investors around the world are losing confidence in the UK; I lost it before them.

As I say, borrowing is not necessarily an entirely bad thing, but one of the marks of the UK’s failure is how out of control debt has become. Willie Rennie talked about debt being critical. According to yesterday’s BBC headlines following the budget, borrowing will be £114 billion this year and is set to fall to £108 billion, £97 billion and £87 billion in the following years.

**Iain Gray:** Does Mr Mason understand that the £4.4 billion surplus that Mr Swinney and his colleagues have been referring to is included in that figure of borrowing that he has just criticised?

**John Mason:** Nobody is saying that the £4.4 billion is a surplus; it is a relative surplus. It is a smaller deficit than the UK's. I have said that we start in the same pit as the UK and we get out of it quicker.

Some people looking at the BBC figures that I have mentioned might think that that is the total borrowing and that the figures are horrific. However, those figures are only the UK's new borrowing. The UK is borrowing huge amounts of money every year. Borrowing as a share of GDP is due to fall from 7.4 per cent in 2013-14 to 5 per cent in 2015-16. However, those figures relate to the new borrowing. Debt as a share of GDP total debt is set to increase from 75.9 to 85.1 per cent in 2015-16. That is failure.

If we look at the total figures, it is scary. The UK's borrowing is £1,111 billion at December 2012, which is approximately £18,000 per head of population. Over the next year, the figure will increase by £114 billion, which is about an extra £1,900 per head. Those are only the amounts that the UK Government owes. When mortgages and unsecured personal loans are included, the figure is about £40,000 per head of population. When we consider those figures, can we say that the UK has been a success story? I do not think so.

Before the euro, people used to joke about countries such as Italy and Greece and how they devalued their currencies because of the economic mess that they were in. Exchange rates slipped and slipped again. However, that is exactly where the UK is now. When the euro was introduced, it was worth about 70p. The pound fell and it became about 80p for a while. Currently, it is worth 85p.

Of course, there are good things in the UK, as there have been over the past 300 years that we have been living together. However, let us not look at the UK with rose-tinted spectacles or have our hearts rule our heads; rather, let us look at the UK realistically and deal with the facts.

The Labour amendment mentions housing and colleges, which Margaret McDougall talked about. However, her speech was an argument for independence. Let us think about why there is not enough money for housing and colleges. Of course, we could cut another area, such as health, which is what I assume she wants to do in order to put more money into colleges. However, that would merely rearrange our limited resources. The key reason why we do not have more money for colleges and housing is that the UK and its

economy have failed, Scotland is suffering the consequences of that.

There are many other scare stories about Scotland not being able to afford the UK's welfare system. However, we now have the bedroom tax and welfare cuts. The UK has failed on welfare and it is dragging us down with it. Do we want a race to the bottom on welfare for our children and our grandchildren? Last Friday, there was a guy at my surgery who was well dressed and presented and who had worked for most of his life. However, he had not eaten properly since the previous Tuesday and he was hungry. Is that a success? The UK has failed.

16:04

**Mary Scanlon (Highlands and Islands) (Con):** SNP members look as if they need a bit of cheering up, so I will start by outlining some measures from yesterday's budget that will help families and business across Scotland: the increase in the personal tax allowance to £10,000; the 10p tax rate becoming zero; the introduction of a £2,000 employment allowance; the reduction in corporation tax to 20p in the pound; the freezing of fuel duty; measures to clamp down on tax avoidance; thousands of people taken out of paying tax altogether; and the identification of Peterhead as one of the UK Government's two preferred bidders for funding for carbon capture and storage, with the potential to create another 1,000 jobs in that area. The structural deficit is down from around £170 billion to £114 billion and it looks as if it will be eliminated by 2017, when we will be living within our means and spending only the amount that we raise in tax. As Malcolm Chisholm pointed out, public spending has historically been higher in Scotland than it has in England and is currently £1,200 more per head of population, despite the fact that household disposable income per head in Scotland is very similar to that for the UK.

The Government's motion focuses on oil and gas revenues and, as other speakers have made clear, there can be no doubt that that commodity is finite, declining and very volatile. As figures from the Scottish Parliament information centre show, on a geographical basis, oil and gas accounted for nearly half of all revenues in the mid-1980s; more than 20 per cent of Scottish revenue in 2008-09; 15 per cent in 2010-11; 12 per cent in 2009-10; and 3 per cent in 1991-92. In fact, since the SNP came to power, the production of crude oil has fallen by one third from 76,000 tonnes in 2007 to almost 52,000 tonnes in 2011, its lowest level since 1978.

**Kenneth Gibson:** How volatile is the oil price compared with the City of London, before which

successive Government have prostrated themselves?

**Mary Scanlon:** If I thought it was worth answering that, I would do so.

Oil & Gas UK's recent report confirms that direct tax receipts from North Sea oil and gas production have fallen from £11.3 billion in 2011-12 to £7.3 billion in 2012-13—in other words, in one year. The certainty resulting from the UK Government's measures on tax relief on decommissioning was highlighted at last night's meeting of the cross-party group on oil and gas; it was said that such moves will speed up asset sales and free up capital that companies can confidently use for investment. With nearly £36 billion being spent on decommissioning, that will be important and excellent business for Scottish yards.

Investment in the North Sea is at a 30-year high as a result of UK Government tax incentives and allowances such as the new brownfield allowance which, according to Oil & Gas UK, has led to companies investing more than £2 billion. Indeed, many companies are now reassessing their brownfield options in the wake of that allowance.

Another point raised at last night's cross-party group meeting was that operating costs per barrel of oil in the North Sea are rising and now range from £5 to more than £30. Since 2010, production has fallen by 30 per cent in just two years largely because of shutdowns, both planned and unplanned, in existing fields. Bad weather has affected production—[*Interruption.*] Mr Swinney might laugh, but this is all in the Oil & Gas UK report. I suggest that he takes the matter up with—

**John Swinney:** Will the member give way?

**Mary Scanlon:** No—my time is very short. I might come to the cabinet secretary in a second, but the points that I want to make have not yet been raised.

Bad weather has affected production and in 2012 the Elgin field had to be shut. That is a fact. Earlier this year, the shutdown of the Cormorant Alpha field curtailed production in 27 neighbouring fields that export via that asset. At lunch time, I met the convener of Shetland Islands Council, who confirmed that, as a result, the Sullom Voe oil terminal was shut down for several days on more than one occasion.

**John Swinney:** I simply point out to Mrs Scanlon that, on the issue of lower oil production, Oil & Gas UK's "Activity Survey 2013" says:

"much of this fall can be attributed to the damage done to investor confidence by the numerous adverse tax changes in the mid-2000s".

**Mary Scanlon:** The facts speak for themselves. Those are the facts and, if John Swinney had

listened to the representatives from Oil & Gas UK speaking last week about the incentives on decommissioning and the brownfield allowance, he would know that those tax incentives are the reason why, as is mentioned in his motion, investment in the North Sea is at a 30-year high.

For all the reasons that I have outlined, it is difficult to predict revenues from a commodity such as oil.

Scotland has a £7.6 million net fiscal deficit. That is the Government's own figure. Aileen McLeod also confirmed it. I am running out of time, but all I can say is that the United Kingdom brings strength, stability and security to Scotland's finances and makes us better protected from shocks to our economy, such as the recent banking crisis, and fluctuations in the price of oil. We are better together.

**The Deputy Presiding Officer (John Scott):** Before I call Willie Coffey, I let the remaining three open debate speakers after him know that they will each have five minutes to speak. Mr Coffey, you have six minutes.

16:11

**Willie Coffey (Kilmarnock and Irvine Valley) (SNP):** Scotland is already a strong country financially. With independence, we can grow our economy further to make even greater progress.

Scotland is the European Union's energy capital, with more than 60 per cent of all Europe's oil production. Our oil will be worth £48 billion over the next six years. We have a quarter of Europe's potential offshore wind and tidal energy.

Our food and drinks exports continue to grow and are valued at more than £5 billion a year. Our universities are among the best in the world. Inward investment is strong, and the GERS figures show that we have a fiscal position that is stronger than that of the rest of the UK, whose deficit is 6 per cent of GDP, whereas Scotland's is 2.3 per cent. We contribute 9.9 per cent of tax revenues to the UK and receive back 9.3 per cent in spending.

Having full economic powers at our disposal would not only allow us to focus on growing our economy but give us the ability to get to grips with poverty and improve the welfare of our citizens. For too long, in an oil-rich Scotland, we have endured child poverty that has blighted the hopes and dreams of thousands of our young people. In some communities in Scotland, child poverty is as high as 43 per cent. Good progress has recently been made in driving that down, but we could do more with independence.

Who among us can say with hand on heart that the UK has spent Scotland's vast oil reserves wisely over the past 40 years? Where is the UK's

equivalent of Norway's oil fund, which is now estimated to be worth £450 billion?

I can tell members where the UK's money went. It was squandered by successive Labour and Tory Governments on things such as Polaris and, now, Trident—nuclear weapons of mass destruction all stationed in Scotland and safely far away from England's population centres. Billions of pounds have been wasted.

We have seen blunder after blunder by the UK in almost every sector. For example, in NHS information technology procurement, we wasted £12.7 billion. Members may remember the fiasco of the Child Support Agency, in which £1 billion was written off. Seven billion pounds has been wasted in defence procurement mistakes and £5 billion was wasted on the abandoned identity card scheme. Let us also remember the £750 million wasted on the hapless millennium dome, which Tony Blair forced on a less-than-enthusiastic London public. Billions of pounds have been wasted.

In the present day, the much-bragged-about AAA credit rating has gone. Growth forecasts are now cut in half, and UK debt as a share of the country's GDP is forecast to rocket to more than 85 per cent by 2016. Who pays the price for that? Scotland's children, our poorest families and pensioners do.

George Osborne will go down in history as the man whose economic growth forecasts started at the lowest levels ever and then gradually worked their way downwards. With a record like that, is it really in Scotland's best interests to stick with the UK?

**Willie Rennie:** On his list of failures—apparently, failures of the UK—will Willie Coffey include the construction of this building?

**Willie Coffey:** I am really sad to hear that from the Liberals. I do not know whether Mr Rennie was around at the time but, as I understand it, the UK Government procured and commissioned the Parliament building, too.

I would like to turn my attention away from the UK's failures and to look at how many small nations in the world are meeting economic challenges much more effectively than their bigger counterparts are. Of the 34 advanced economies as defined by the International Monetary Fund, 23 have populations of less than 20 million. Eleven of those smaller countries are in the top 15 advanced economies based on per capita income and four of them are in the top five based on the World Economic Forum's global ranking of competitiveness. Scotland GDP per head is about 118 per cent of the UK's, and we rank about eighth out of those 34 countries. The UK languishes in around 16th place.

What is going on and why are smaller countries faring better? According to David Skilling, who is a senior adviser to the New Zealand Government, there are three main reasons why smaller countries have outperformed larger economies over the past few decades. First, they have a greater capacity to adapt to a world that, through globalisation, is rapidly changing. Secondly, they tend to have higher levels of "social capital and trust", well-functioning political institutions and a well-developed sense of external matters. Thirdly, they also tend to have good reputations for the quality of their policies. All those contribute to their enhanced performance.

Mr Skilling concludes that, when it comes to continuing to succeed in what he describes as the current unforgiving environment, smaller countries have a distinct edge, provided that they continue to innovate and shape their policy development to the new economic environments that present themselves. To that end, smaller countries are more likely to play a leading role for many years to come and can offer unique guidance to other, larger advanced countries.

The message is clear for our small country of just over 5 million people. Next year, on 18 September, we will stand at the crossroads and decide which of two possible futures is best for us: one with a lumbering, incompetent and failing UK, whose priorities—which are not shared by the Scots—are to spend billions on weapons instead of weans and to attack the poor and reward the rich—

**The Deputy Presiding Officer:** You must close, please.

**Willie Coffey:** The alternative is a future that will see Scotland emerge, at long last, to pursue a destiny that our own people share.

16:17

**Margaret McCulloch (Central Scotland) (Lab):** I appreciate the opportunity to speak in the debate and to contribute to the wider discussion about Scotland's future.

My position is now, and has been, that Scotland is best served by devolution—a Scottish Parliament within a United Kingdom—but I also count myself among the majority of people in Scotland who feel that our life and politics would be enhanced if we had a stronger Parliament within a more modern and flexible union.

We learned last week that devo max is not any more popular than independence, but in their report on attitudes to constitutional alternatives John Curtice and Rachel Ormston found that there was a clear majority in support of key financial decisions being taken in Scotland. Whatever

Scotland's constitutional destination, the economics of change and the implications for the public finances will be absolutely critical.

It is important that all of us in the Parliament take a sober, considered view of Scotland's financial position—especially those of us who advocate significant constitutional change, who range from people who argue for independence to people like me who support the devolution of further financial powers.

It can be quite revealing to take a considered look at Scotland's finances. The UK figure for total expenditure per capita is £10,937, whereas the Scottish figure is £12,134. As we all know, the UK faces a net fiscal deficit, but so does Scotland, even with a geographical share of oil revenues. Critically, Scotland's geographical share of oil revenues was almost a fifth of its total revenue. I will return to that point.

Much of the debate has centred on oil wealth and tax revenues from oil and gas. Indeed, much of the constitutional debate since the 1970s has focused on those same issues. In my opinion, the very fact that oil and gas are so central to the constitutional debate and the arguments for independence that are being deployed is in itself significant. It underlines a critical point that has been made for many years: the financial case for independence, as articulated to us by the Scottish Government, hinges on a single volatile commodity.

Let us be clear: no one disputes the opportunities that oil and gas afford Scotland, especially given the sector's importance to the north-east. Despite claims to the contrary from the First Minister and Aileen McLeod, no one in the Parliament views oil wealth as a curse. However, the centrality of the North Sea in the vision of Scotland's future that the Scottish Government is developing points to a Scotland that is not just buoyed by but tied to oil wealth. That is at odds with my vision of a diverse and dynamic economy.

Of course we must develop key growth industries such as oil and gas, but we must also look at the resilience of the economy as a whole and at how wealth is dispersed in Scotland. A range of business sectors—including small and medium-sized enterprises, manufacturing and retail—are important to our economic potential as well as our tax base and they are being overlooked in the contest over Scotland's future.

SMEs are contending with some of the most difficult trading conditions that they have ever seen, and yet the Government has put off its rates revaluation and has chosen to sustain rates at near boom levels.

**Stewart Stevenson:** Will the member take an intervention?

**Margaret McCulloch:** No—I am taking no interventions.

Manufacturers are closing down in places such as my home town—East Kilbride—and there is no Government strategy to do anything about that. Retail accounts for 9 per cent of total employment, but it is not included in the Government's economic strategy.

The Scottish Government must address fundamental concerns that people and businesses have here and now about how Scotland's financial position will be sustained and strengthened, whatever future the people of this country ultimately decide on. An independent Scotland might be viable, but nothing in the GERS figures or the oil figures makes the UK redundant or in any way less viable.

I totally oppose the present UK Government's policies, but I believe that the essential case for Scotland in the union remains convincing. Together, as part of the United Kingdom, we can bear bigger deficits than smaller nations can. We can nationalise banks, which we had to do in response to the global financial crisis to save jobs, savings and mortgages. In comparison with new economies that are yet to mature, we can borrow relatively cheaply to invest.

Scotland standing on its own two feet faces opportunities and challenges like any other nation—not least the budget challenge that was identified in the leaked Cabinet memo.

**The Deputy Presiding Officer:** You must close, please.

**Margaret McCulloch:** Equally, the prospects, security and solidarity that come to Scotland from being part of a strong and successful union should not be readily dismissed or denied, if we are to have an honest debate about Scotland's future.

16:22

**Patrick Harvie (Glasgow) (Green):** It is understandable that the debate has been framed by the constitution at least as much as by the economy. My party's policy is in favour of independence and my personal view is strongly in favour of it, but we have members on both sides of the constitutional debate. That is because we are not defined by the issue. We are defined far more by our economic policy and the idea of the economy as a wholly owned subsidiary of the environment. It is therefore perhaps unsurprising that my take on the debate will be a wee bit different.

John Swinney told us that Scotland is a prosperous country, and I agree. The difference is that I probably mean something a wee bit different by the word "prosperity". I want us to ask what we



mean by a word such as “prosperity”. That might sound like an abstract concept, but it is one of the big ideas that Margo MacDonald urged us—rightly—to focus on earlier. It is one of the most important questions facing the world.

I think that the First Minister took Joseph Stiglitz’s name in vain earlier in relation to corporation tax, but Joseph Stiglitz is one of the leading advocates of a more holistic approach to the economy and of a recognition that wealth is not limited to financial wealth. Prosperity is not limited to the question of whether we are a little bit richer or a little bit poorer. I and my party will never reach a view on independence that is based simply on the richer-or-poorer blizzard of factoids.

How do we value and measure prosperity? Jim McColl and Brian Souter might look at their corporation tax bill and decide that they feel more prosperous if they get to keep more of their profit, but our society will not prosper from the inequality that grows as a result. It will prosper if we share our material wealth more fairly.

Where do Scots place their priorities? What makes them feel that they have what they need to live a decent life? What makes them feel that they can prosper as human beings?

The Oxfam humankind index asked people those questions. If we look at the priority that people give to the factors in their lives that give them a sense of security and a sense that they have what it takes to prosper in life, we will see that having an “Affordable, decent and safe home”, “Physical and mental health”, a clean environment, and “good relationships with family and friends” are important. We have to look halfway down the list in the index before we get to “Having enough money to pay the bills and buy what you need” and “Having a secure source of money”. That does not make those things unimportant, but it means that other factors are more important to people, and we should think about them more profoundly when we ask ourselves what prosperity means.

Oil has been talked about a great deal. There is the idea that oil is a great economic asset. It is potentially an economic asset, but it is also potentially the source of economic ruin. The oil and gas industry’s value is based on the known reserves that are available, and there is the idea that all those reserves can be turned into economic revenue, but that is not true. The world knows that we have many times more fossil fuel reserves than we can afford to burn. If we expect to continue the environmental conditions that allow us even to run an economy, we will have to leave a lot of those reserves where they are, or we will destroy the conditions that allow us to operate an economy. There is economic value in the oil and gas reserves, but it will be realised only if we

restrain our use of them—otherwise they will not give us prosperity.

We talk about jobs and whether we can create new jobs from new industries, but jobs are not the same as prosperity. Many people will argue that having a job gives a person dignity and that having a source of income gives a person the things that they need for quality of life. However, low-waged jobs that are subsidised through the welfare state, jobs that are time pressured and jobs that undermine people’s health and social capital can take away people’s prosperity. Jobs that are well paid, jobs that are more equally paid between the highest and lowest in a business, and jobs that are family friendly, stimulating and rewarding generate prosperity.

I urge everybody on both sides of the independence debate and on all sides of the economic debates that we face to think more deeply about what we mean by wealth and prosperity. If we talk only about GDP and financial wealth, we miss the point.

**The Deputy Presiding Officer:** I call Mike MacKenzie, who has up to five minutes.

16:28

**Mike MacKenzie (Highlands and Islands) (SNP):** The debate is timely, as it comes shortly after the latest GERS figures have been announced. Those figures, which are up from last year’s figures, clearly show that Scotland is on a successful trajectory.

Scotland has been in a better fiscal position than the rest of the UK for five years. We are now producing 9.9 per cent of the UK’s revenue, which is up from 9.6 per cent in the previous year. That indicates significant fiscal strength, especially as we have only 8.4 per cent of the UK’s population. It is unfortunate that we receive only 9.3 per cent of the expenditure. In other words, we pay more to Westminster than we get back, and we have done so for some time. The figures also reveal that Scotland is in a better position than the UK to the tune of £4.4 billion, or £834 per person.

I am sure that the Opposition parties will be glad to hear that the good news story for Scotland does not stop there. Scotland’s oil and gas industry is entering a new phase of increased production, with investment this year expected to reach £13 billion and plans for longer-term investment exceeding £100 billion.

I think that the Opposition parties think that those oil companies and their investors are completely stupid, but it is no surprise that they expect the fields to be more, not less, productive over the coming years and that revenue is expected to be between £41 billion and £57 billion

over the next six years. That will give a newly independent Scotland a great start. It is a financial springboard that will propel us on to even greater success.

That is not all the good news. As the First Minister has said, Scotland has won the energy lottery not once, but twice: it has 25 per cent of Europe's wind and tidal resources and 10 per cent of its wave energy potential. This will play an ever more significant part in Scotland's economy. Scotland has an oil resource that will last for another 40 or so years, with 24 billion barrels still to be extracted, which will be worth more than £1.5 trillion at today's prices. No serious commentator is suggesting that oil prices are going to fall in the long term. However, the important point is that our offshore marine energy industry will be maturing as oil begins to run out.

The Offshore Valuation Group suggested in its 2010 report that by 2050 marine energy may contribute as much as £4 billion per annum to Scottish revenue in corporation tax alone. That excludes onshore renewables, the myriad of opportunities afforded by micro energy and the onshore supply chain, and the considerable economic potential of exporting our expertise in that most valuable sector, the knowledge economy.

The unionist parties are pessimists and doubters. Anyone who doubts that Scotland will succeed in harnessing nature or that it can solve the technical problems associated with marine energy should go to the European Marine Energy Centre on Orkney. They should experience for themselves the creative energy being brought to bear all over Orkney, not just in the offices and test stations but in conversations in pubs, fish and chip shops and cafes. They should go to Orkney and experience the renaissance effect that is under way as those creative people apply their talents to solving the problems and exploiting the exciting opportunities.

That is exactly what the economist David Ricardo meant by countries exploiting their comparative advantages. It is what Joe Stiglitz means when he prescribes moving to a green economy as the medicine for ailing economies. Unlike the UK Government, which is prevaricating over energy policy, an independent Scotland will nurture this opportunity. We will continue to lead the way in the renewable energy revolution and we will reap the economic and fiscal rewards.

There is a point when the unionists, the doubters and the doomsayers turn to dishonesty in their efforts to diminish Scotland. They crossed this line before when they buried the McCrone report and for 30-odd years told us the lie that Scotland's oil was of little value. I have heard nothing this afternoon that re-establishes their

credibility or their integrity. The Scottish public may have been fooled once, but they will not be fooled twice.

I am just about to finish—

**The Deputy Presiding Officer:** You are indeed—in fact, you are finishing now. That is enough, Mr MacKenzie. Thank you.

I call Willie Rennie, who has up to six minutes.

16:33

**Willie Rennie:** In a challenging world, optimism is a trait that we should all encourage. As leaders we need to believe that the seemingly impossible can be achieved: that we can turn back the tide of global warming; that everyone, no matter what their background, can have a chance to get on; and that we can deal with poverty and hunger in far-flung parts of the planet.

It is good to be optimistic—but when we are putting a budget together it is wise to be cautious. That is why Mr Swinney's own fiscal commission recommended exactly that; and that is why the Norwegians, too, exercise caution. A sensible mix of optimism and caution is the right formula. Make-believe should never be the basis of our decision making.

I understand what Kenny Gibson means when he says that we believe that Scotland is too small and too stupid: that somehow, because we question the SNP's policy, we no longer believe in the ability of our nation. However, it is deeply insulting to say to me as a Scotsman, and as a Fifer, that I do not believe in the ability of my country. I believe immensely in this country's ability and that we can punch above our weight within the United Kingdom and in the world. That strength is something of which we should be proud, and I do not regard Kenny Gibson's comments as worthy of a member of this Parliament.

The SNP's approach is to say, "Nothing bad ever happens." As we know, the world is a bit more unpredictable than that. Iain Gray's comments about the contrast between the oil industry of the 1970s and the industry today were interesting.

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

**Willie Rennie:** Not just now.

Iain Gray said that where there used to be local exploitation of resources there is now an international business, not just because the industry has built on the strengths and talents of people here but because Britain is open for business. Because Britain is a good place to do business, opportunities can be exploited for Scotland.

**Mark McDonald (North East Scotland) (SNP):** Will the member give way?

**Willie Rennie:** Not just now.

What Iain Gray said about renewables is right. Renewables present us with an incredible opportunity to deal with climate change. However, the opportunity is based on the resource of energy consumers throughout the UK. The subsidy is there to generate investment in the industry. I support renewables and I recognise that the United Kingdom enables us to maximise the opportunity.

Aileen McLeod and Mike MacKenzie cited investment in the North Sea as evidence that we will increase our oil revenues, but they fail to recognise that oil is harder to get at, which means that capital expenditure and operational expenditure go up and the tax take goes down. That is the logical consequence of extra investment in harder-to-get oil. The United Kingdom can provide tax incentives—

**Kevin Stewart (Aberdeen Central) (SNP):** Will the member give way?

**Willie Rennie:** Not just now.

The UK can do that because oil does not dominate the UK economy. Oil accounts for around 1.5 or 2 per cent of the UK's economy, but in Scotland the proportion is getting up to 16 per cent. If we make big decisions to create tax incentives, we will take a big financial hit. In the UK, such a hit can be accommodated.

**Kevin Stewart:** Will the member give way?

**Willie Rennie:** Not just now.

Malcolm Chisholm was absolutely right to say that the credit rating of an independent Scotland could be poorer. When the credit rating agencies assess a country's credit rating, they take account of the country's record. Scotland has no track record as an independent nation managing its budget. It is required by law to have a balanced budget, but sticking within the law hardly constitutes a track record. That is why Malcolm Chisholm was right to say that the credit rating of an independent Scotland could go down, which would cost us dear as interest rates would go up. That is the logical consequence of what the SNP proposes.

Linda Fabiani and Willie Coffey talked about Norway's oil fund, but they did not talk about the higher taxes that are a feature of Scandinavian life.

**Kenneth Gibson:** Will the member give way on that point?

**Willie Rennie:** Not just now.

The Norwegians have been able to pay for their oil fund and their public services by putting up taxes. Tax rises are not part of the message that we hear from the SNP. The SNP makes all the promises in the world to everyone, but it leaves it to a future Government of an independent Scotland to decide how to pay for everything. People deserve a little more honesty.

**Mark McDonald:** Will the member give way?

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

**Willie Rennie:** John Mason was very brave to criticise the finance secretary for claiming that the GERS figures show that Scotland has a surplus. I suspect his chances of moving forward to the front benches are limited, but I praise him for making that point.

It was great to hear Margaret McCulloch advocate more powers for the Scottish Parliament. Liberal Democrats are very much in favour of that and we have home rule plans. I hope that SNP members will embrace that agenda if they lose the referendum, as I hope that they will do.

Mary Scanlon was right to praise many benefits of the budget, including the proud Liberal Democrat policy of a £10,000 tax threshold, which will take people on low and middle incomes out of tax altogether.

16:39

**Gavin Brown:** Two important points must be made. First, time and again during the debate we have heard from nationalist politicians that the unionist argument is that Scotland would not cope. In the time during which I have been an MSP, not a single member of any of the unionist parties in this Parliament has ever said that Scotland is too weak or too poor, or that Scotland would not cope. The SNP asserts that that is the unionist position, but I am clear that it is not the position of the Conservative Party, and I do not believe that it is the position of any unionist party in this chamber.

Of course Scotland is not too weak. Of course we would cope. The question is, "Why would you want to do it and what would an independent Scotland actually look like?" It is very easy for Willie Coffey, who was very measured in most of his speech, to say nonchalantly that we would have £48 billion of oil revenues over the next few years, but that is pure assertion and pure conjecture. If that is what the SNP is going to base its budget and fiscal choices on, it is entering the realms of fantasy.

The second point that I want to make is that I believe firmly that every single member of this Parliament, regardless of party affiliation or non-affiliation, has Scotland's best interests at heart. It

serves nobody well for people on one side of a debate to say that others seek to diminish Scotland, to suggest that we do not have Scotland's best interests at heart or—as in Mike MacKenzie's case—to imply that we lack integrity by saying that nothing that has been said in the debate suggests that we have integrity. That does not suit the debate. I hope that politicians on all sides can rise to the challenge of an important debate that has to be treated far more seriously than that.

**John Mason:** I think that the point about integrity was that there was deliberate hiding of the oil figures back in the 1970s. Does Gavin Brown accept that that is what happened at Westminster?

**Gavin Brown:** We can see what the oil figures are, year upon year upon year, in GERS. They are available for everybody to see. We can see that in some years the amount has been £12 billion and in others it has been £1 billion.

We have heard the assertion that the UK is a bit like Greece and Cyprus and that we are not far away from their situation. I do not know how anybody can take that point seriously. I ask the member who made it: why on earth do investors from around the world come to the UK, and why is the reality that the cost of borrowing for the UK has gone down in the past couple of weeks, since the AAA rating was—very regrettably—lost?

We heard from Mr Kenneth Gibson that it is not about the volatility of oil prices, but about the “alleged” volatility of oil prices. I point out gently to anyone who says that it is “alleged” volatility that the oil figure was £11.3 billion in 2011-12 and Oil & Gas UK says that it will be £7.3 billion in 2012-13. That is a pretty big jump in a year, but it is not unusual. The figure has fluctuated over a 32-year period between £12 billion at the highest and £1 billion at the lowest. That is enormous volatility and it is far more than “alleged”.

We also heard the ridiculous argument—which we have heard time and again—that Scotland's oil revenues over the years have propped up the Treasury.

**Members:** They have!

**Gavin Brown:** SNP members say, “They have!” That was so predictable. This might be uncomfortable listening for the SNP, but I will press ahead anyway. If we look a little more closely at the figures in GERS, we see that the UK tax take last year was £570 billion. In a very strong year for oil—one of the strongest ever—oil revenue was £11 billion. It is true that £11 billion out of £570 billion is important, but to suggest that the oil revenues are propping up the UK Government is an absurd proposition.

**Mark McDonald:** Will Gavin Brown give way?

**Gavin Brown:** No. I will take interventions from members who have been part of the debate, but not from members who have just shown up at the bitter end. *[Interruption.]*

**The Deputy Presiding Officer:** Order.

**Gavin Brown:** To suggest that oil revenues prop up the Treasury is absurd. The Scottish tax take in the same year was £57 billion. Some £11 billion out of £57 billion is crucial, which is why people have rightly said that we have to be cautious and careful about projection of oil revenues. If £11 billion drops to £7 billion when the total tax take is £570 billion, the automatic stabilisers can kick in. If oil revenue were to drop by £4 billion when the entire tax take is £57 billion, there would be a big problem—it would become necessary to push up tax, cut public spending, or borrow excessively.

As we heard earlier, the demographics are trickier in Scotland. Spending in Scotland is substantially higher already and the cost of borrowing, as we have heard time and again, is likely to be higher. For all those reasons, independence is extremely risky, which is why the better together campaign is being realistic, as opposed to pessimistic.

16:45

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

Gavin Brown started his winding-up speech by pointing out some of the hot air in the chamber today. I will mention some of the more thoughtful contributions, because on the whole it has been a good debate with thoughtful contributions. One of the speeches that struck me most—although it perhaps stated the very obvious—was Margaret McDougall's speech. In it, she pointed out that our people are, indeed, our wealth and that we need to invest in them—something that this Government has maybe failed to do, with college cuts and the rest, and on which it should perhaps reflect.

Energy also formed a large part of the debate, but members including Margaret McCulloch also pointed out the contribution of other sectors of our economy, such as small and medium-sized enterprises, retail and the like, which we ignore at our peril.

Much of the debate concerned the GERS figures. The SNP was not being honest with us, because it presented a distorted version of the latest figures. We receive £1,197 more in expenditure per head than the rest of the UK and, as Malcolm Chisholm pointed out, that is rightly so. We have a demographic issue and a natural geography that mean that service provision is

more expensive for us. That additional funding helps to deal with our natural disadvantage.

The SNP went on to portray a smaller deficit as being actually a surplus. Many members pointed that out, including Iain Gray. The SNP takes no account, however, of the years when we were worse off. The benefit of being part of a bigger economy is that the peaks and troughs are less pronounced, which provides us with stability for the future.

John Swinney said that we had a surplus this year; however, no part of the UK was in surplus this year. He also highlighted how we would spend the surplus, which he credited to oil, but that flies in the face of Professor Stiglitz's advice, as Margaret McDougall pointed out. Natural resources have to be spent to build future wealth, otherwise things are unsustainable and we squander those resources. John Swinney also did not say that he was planning to borrow to build a stability fund, which is exactly what he would be doing if he were to use the deficit to create it.

We are in the very lucky position of having oil and gas wealth, but we must use it to buoy our economy and not be tied to it, as Margaret McCulloch mentioned. Many members talked about the volatility of oil prices, which is a big issue that makes it difficult for us to guess ahead what our oil revenue will be. Let us be very clear that new technology and new exploration are often in the most difficult parts, and are therefore more costly. The cost of that technology and exploration offsets what comes back as revenue, so revenue can decrease even if production increases. We have to be very careful to pin our economy to revenue rather than to production.

Mary Scanlon mentioned the problems with field closures. I was one of the people who were lucky enough to visit the Elgin-Franklin field. It was closed, which cut off much of the UK's gas from the North Sea—something that nobody could have foreseen. We were told last night in the oil and gas cross-party group of other closures that were carried out at very short notice because of safety and maintenance. We need to have a mind to that. While celebrating and, indeed, enjoying our oil wealth, we have to be clear that we cannot pin our economy to it.

Many members spoke about renewables, but how would those work in a separate Scotland? Iain Gray pointed out that we have 30 per cent of UK renewables, but they are subsidised by all UK customers. What would happen were that subsidy to fall on a customer base of 10 per cent of that which finances it at the moment? Even nationalists are asking that question. Developers need an answer to it. If the answer is not supplied, we will end up in a place where we cannot harness that wealth, which will not augur well for our future.

Many members talked about capital spending. One of the issues that did not get as much of an airing as it should have is the delay in investment through the non-profit-distributing model, and the Scottish Government's failure to bring that forward quickly. That would have made a huge difference to the economy of Scotland and it represents a squandered opportunity and squandered wealth. Further, the nearly £43 million that was cut from our housing budget would have created homes and wealth for the people of Scotland.  
[Interruption.]

**The Presiding Officer (Tricia Marwick):** I am sorry to interrupt, Ms Grant. I would like members who are coming into the chamber to keep the noise level down a wee bit.

**Rhoda Grant:** Thank you, Presiding Officer.

Education was not tackled sufficiently in this debate, although Margaret McDougall talked about educating our population, which is our greatest wealth.

Many other issues should have had more prominence in the debate, including our procurement policies, which could be used to keep the wealth of Government spending in our country. I sometimes feel that I have talked about that endlessly, but it needs to be taken into account.

Members talked about the limitations of having a currency union with a country over whose fiscal policy we would have no influence. Most people would regard that as madness, and it would certainly limit our taxation and borrowing powers.

The rest of the UK is our major trading partner, which is why our wealth is very much tied to it. The total value of sales from Scotland to the rest of the UK in 2011 was £45.5 billion, which is four times greater than our total trade with the rest of Europe. Even John Swinney's leaked Cabinet papers acknowledge that an independent Scotland would have a more volatile economy.

**The Presiding Officer:** I ask you to close, please.

**Rhoda Grant:** Although Mr Swinney says one thing in public and another in private, he shows that we are better together.

16:52

**John Swinney:** I will try to address some of the issues that have been raised this afternoon.

I will start with the comments of my friend, Linda Fabiani, who set out a challenge to Parliament and everyone in the country to consider, during the course of the referendum debate, what sort of country we want to live in. That is the fundamental question that we have to resolve. My colleague, Willie Coffey, made the point effectively as he set

out some of the issues and opportunities that would arise if we opted to be an independent country. That is the nature of the debate.

Some of the debate will be influenced by the points that Mr Gibson raised. He addressed some of the entirely ridiculous accusations that are made by our opponents when they scaremonger about Scotland's future. We have all heard them and read them, and I do not think that they enhance the debate.

Margo MacDonald, in a powerful contribution at the conclusion of questions on the First Minister's statement, encouraged Parliament to reflect on substantial questions that we need to resolve in addressing the way in which we all decide to vote in the referendum. In that spirit, I will address some of the issues that have been raised in the debate.

Gavin Brown cautioned us not to lay heavy emphasis on any one year in terms of the analysis that is undertaken in relation to GERS. If we look at the financial performance of Scotland over a number of years, we see that Scotland was in a stronger fiscal position than the rest of the UK not just in 2011-12 but in numerous years.

Anybody who tries to suggest that I was talking about Scotland having a surplus rather than a relative surplus in the course of the debate clearly was not listening to the words that I was using. We are in a comparatively better and stronger position than the rest of the United Kingdom, and the question is whether we want to take control of that relatively stronger financial position and make it work for the benefit and advantage of the people of this country.

**Willie Rennie:** I am puzzled by that. During his speech, Mr Swinney used the word "surplus" numerous times. Is it a surplus or is it not a surplus?

**John Swinney:** It is exactly what I have said: it is a relative surplus; it is a comparatively—*[Interruption.]* Let us just use this phrase, then: we are better off independent than we are together. Has that helped to clear it up for everybody?

A great deal has been said about the volatility of oil. Mary Scanlon made a point on that in her speech. Between 2008-09 and 2009-10, North Sea revenues fell from £12.9 billion to £6.5 billion. Despite that, Scotland continued to run a smaller fiscal deficit than the UK. Again—we would have been better independent than in the circumstances that we were in, with Scotland having a fiscal deficit of 10.7 per cent of GDP compared with 11.1 per cent in the United Kingdom. Even when there is substantial change in the position on oil and gas revenue, we are in a stronger fiscal position.

A number of points were made about the future projections on oil and the position of the OBR. Let me remind the Parliament that, despite Linda Fabiani's comment that the OBR has not been around for very long, it has been around since 2010 to predict economic growth in this country. In 2010, it said that economic growth in the current financial year would be 2.8 per cent. In December, it said that it would be 1.2 per cent. Yesterday, that became 0.6 per cent. Forgive me for raising a doubt or two about the value of the OBR predictions.

**Ken Macintosh:** I am pleased to hear Mr Swinney's comments. Has he changed his mind since writing his Cabinet paper? In that paper, he wrote:

"The OBR forecasts set out alongside the UK's March budget have not been seriously challenged by the industry or by independent commentators".

**John Swinney:** Mr Macintosh must be a psychic. I have in front of me a page from Oil & Gas UK. This is from page 4 of the "Activity Survey 2013":

"we can predict a significant upturn over the next three to four years, gradually rising to approximately two million"

barrels of oil equivalent per day

"by 2017".

The OBR forecast is 1.5 million barrels in 2017. There, delivered on a plate, is the industry challenge to the OBR forecast.

The issue of the sustainability of pensions has been raised. The figures show that, in 2011-12, the proportion of UK tax revenue that was allocated to social protection—pensions and welfare—was 42.3 per cent. In Scotland, it was 38.1 per cent. We are in a stronger position to sustain welfare and pension payments to members of the public than the rest of the United Kingdom.

The only point that I was making in my sensationally leaked Cabinet document was that, as an Administration preparing ourselves for all the issues that we currently do not address, we must factor in issues such as that one in the overall calculations. That is what the Parliament and the country would expect me, as a responsible finance minister, to undertake.

In the course of the debate, John Mason made a fascinating contribution in which he talked about all those great strengths that the United Kingdom would apparently always deliver for us: the car industry, the steel industry and the AAA credit rating. As he said, we were told that all those things would always be here because we were part of the United Kingdom. However, we do not have an AAA credit rating, a steel industry of the size that we had or a car industry. Therefore, we

should be very sceptical of the nonsense that is peddled by the opposite side in this argument in trying to undermine Scottish self-confidence by peddling fear.

Malcolm Chisholm said in the debate that I was ignoring the fact that a choice of two futures will be available to the people of the United Kingdom in 2015. I just gently point out to him that I do not think that there is much of a difference between the direction of travel of the Labour Party and that of the Conservative and Lib Dem Government. There certainly is not if we listen to Helen Goodman, the shadow Cabinet minister who said that Labour would implement the bedroom tax.

**The Presiding Officer:** I must ask you to wind up, cabinet secretary. [*Interruption.*] Order. Let the cabinet secretary have another couple of sentences.

**John Swinney:** Let me make a final point, Presiding Officer, which for me captures the entire essence of the debate. Again, it involves a comment from Willie Rennie, who talked about the deep problem of intergenerational poverty in our society. He marshalled that as part of an argument for maintaining the United Kingdom. Intergenerational poverty has scarred our country because of the United Kingdom, and we need to resolve it with Scottish independence.

## Decision Time

17:01

**The Presiding Officer (Tricia Marwick):** There are four questions to be put as a result of today's business. I remind members that, in relation to the debate on Scotland's financial strength, if the amendment in the name of Ken Macintosh is agreed to, the amendments in the names of Gavin Brown and Willie Rennie fall.

The first question is, that amendment S4M-06016.2, in the name of Ken Macintosh, which seeks to amend motion S4M-06016, in the name of John Swinney, on Scotland's financial strength, be agreed to. Are we agreed?

**Members:** No.

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

### For

Baker, Claire (Mid Scotland and Fife) (Lab)  
 Baker, Richard (North East Scotland) (Lab)  
 Baxter, Jayne (Mid Scotland and Fife) (Lab)  
 Bibby, Neil (West Scotland) (Lab)  
 Brown, Gavin (Lothian) (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)  
 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)  
 Henry, Hugh (Renfrewshire South) (Lab)  
 Hume, Jim (South Scotland) (LD)  
 Johnstone, Alex (North East Scotland) (Con)  
 Kelly, James (Rutherglen) (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)  
 McInnes, Alison (North East Scotland) (LD)  
 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)  
 Pearson, Graeme (South Scotland) (Lab)  
 Pentland, John (Motherwell and Wishaw) (Lab)  
 Rennie, Willie (Mid Scotland and Fife) (LD)  
 Scanlon, Mary (Highlands and Islands) (Con)  
 Scott, John (Ayr) (Con)  
 Smith, Drew (Glasgow) (Lab)  
 Smith, Elaine (Coatbridge and Chryston) (Lab)  
 Stewart, David (Highlands and Islands) (Lab)

**Against**

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) (Ind)  
 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)  
 Harvie, Patrick (Glasgow) (Green)  
 Hepburn, Jamie (Cumbernauld and Kilsyth) (SNP)  
 Hyslop, Fiona (Linlithgow) (SNP)  
 Ingram, Adam (Carrick, Cumnock and Doon Valley) (SNP)  
 Johnstone, Alison (Lothian) (Green)  
 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)  
 McAlpine, Joan (South Scotland) (SNP)  
 McDonald, Mark (North East Scotland) (SNP)  
 McKelvie, Christina (Hamilton, Larkhall and Stonehouse) (SNP)  
 McLeod, Aileen (South Scotland) (SNP)  
 McLeod, Fiona (Strathkelvin and Bearsden) (SNP)  
 McMillan, Stuart (West Scotland) (SNP)  
 Neil, Alex (Airdrie and Shotts) (SNP)  
 Paterson, Gil (Clydebank and Milngavie) (SNP)  
 Robertson, Dennis (Aberdeenshire West) (SNP)  
 Robison, Shona (Dundee City East) (SNP)  
 Russell, Michael (Argyll and Bute) (SNP)  
 Salmond, Alex (Aberdeenshire East) (SNP)  
 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) (Ind)  
 Walker, Bill (Dunfermline) (Ind)  
 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)

**The Presiding Officer:** The result of the division is: For 45, Against 68, Abstentions 0.

*Amendment disagreed to.*

**The Presiding Officer:** The next question is, that amendment S4M-06016.3, in the name of Gavin Brown, which seeks to amend motion S4M-06016, in the name of John Swinney, on Scotland's financial strength, be agreed to. Are we agreed?

**Members:** No.

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

**For**

Baker, Claire (Mid Scotland and Fife) (Lab)  
 Baker, Richard (North East Scotland) (Lab)  
 Baxter, Jayne (Mid Scotland and Fife) (Lab)  
 Bibby, Neil (West Scotland) (Lab)  
 Brown, Gavin (Lothian) (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)  
 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)  
 Henry, Hugh (Renfrewshire South) (Lab)  
 Hume, Jim (South Scotland) (LD)  
 Johnstone, Alex (North East Scotland) (Con)  
 Kelly, James (Rutherglen) (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)  
 McInnes, Alison (North East Scotland) (LD)  
 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)  
 Pearson, Graeme (South Scotland) (Lab)  
 Pentland, John (Motherwell and Wishaw) (Lab)  
 Rennie, Willie (Mid Scotland and Fife) (LD)  
 Scanlon, Mary (Highlands and Islands) (Con)  
 Scott, John (Ayr) (Con)  
 Smith, Drew (Glasgow) (Lab)  
 Smith, Elaine (Coatbridge and Chryston) (Lab)  
 Stewart, David (Highlands and Islands) (Lab)

**Against**

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) (Ind)  
 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)  
 Harvie, Patrick (Glasgow) (Green)  
 Hepburn, Jamie (Cumbernauld and Kilsyth) (SNP)  
 Hyslop, Fiona (Linlithgow) (SNP)  
 Ingram, Adam (Carrick, Cumnock and Doon Valley) (SNP)  
 Johnstone, Alison (Lothian) (Green)  
 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)  
 McAlpine, Joan (South Scotland) (SNP)  
 McDonald, Mark (North East Scotland) (SNP)  
 McKelvie, Christina (Hamilton, Larkhall and Stonehouse) (SNP)  
 McLeod, Aileen (South Scotland) (SNP)  
 McLeod, Fiona (Strathkelvin and Bearsden) (SNP)  
 McMillan, Stuart (West Scotland) (SNP)  
 Neil, Alex (Airdrie and Shotts) (SNP)  
 Paterson, Gil (Clydebank and Milngavie) (SNP)  
 Robertson, Dennis (Aberdeenshire West) (SNP)  
 Robison, Shona (Dundee City East) (SNP)  
 Russell, Michael (Argyll and Bute) (SNP)  
 Salmond, Alex (Aberdeenshire East) (SNP)  
 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) (Ind)  
 Walker, Bill (Dunfermline) (Ind)  
 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)

**The Presiding Officer:** The result of the division is: For 45, Against 68, Abstentions 0.

*Amendment disagreed to.*

**The Presiding Officer:** The next question is, that amendment S4M-06016.1, in the name of Willie Rennie, which seeks to amend motion S4M-06016, in the name of John Swinney, on Scotland's financial strength, be agreed to. Are we agreed?

**Members:** No.

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

#### For

Baker, Claire (Mid Scotland and Fife) (Lab)  
 Baker, Richard (North East Scotland) (Lab)  
 Baxter, Jayne (Mid Scotland and Fife) (Lab)  
 Bibby, Neil (West Scotland) (Lab)  
 Brown, Gavin (Lothian) (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)  
 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)  
 Henry, Hugh (Renfrewshire South) (Lab)  
 Hume, Jim (South Scotland) (LD)  
 Johnstone, Alex (North East Scotland) (Con)  
 Kelly, James (Rutherglen) (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)  
 McInnes, Alison (North East Scotland) (LD)  
 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)  
 Pearson, Graeme (South Scotland) (Lab)  
 Pentland, John (Motherwell and Wishaw) (Lab)  
 Rennie, Willie (Mid Scotland and Fife) (LD)  
 Scanlon, Mary (Highlands and Islands) (Con)  
 Scott, John (Ayr) (Con)  
 Smith, Drew (Glasgow) (Lab)  
 Smith, Elaine (Coatbridge and Chryston) (Lab)  
 Stewart, David (Highlands and Islands) (Lab)

#### Against

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) (Ind)  
 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)  
 Harvie, Patrick (Glasgow) (Green)  
 Hepburn, Jamie (Cumbernauld and Kilsyth) (SNP)  
 Hyslop, Fiona (Linlithgow) (SNP)  
 Ingram, Adam (Carrick, Cumnock and Doon Valley) (SNP)  
 Johnstone, Alison (Lothian) (Green)  
 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)  
 McAlpine, Joan (South Scotland) (SNP)  
 McDonald, Mark (North East Scotland) (SNP)  
 McKelvie, Christina (Hamilton, Larkhall and Stonehouse) (SNP)  
 McLeod, Aileen (South Scotland) (SNP)  
 McLeod, Fiona (Strathkelvin and Bearsden) (SNP)  
 McMillan, Stuart (West Scotland) (SNP)  
 Neil, Alex (Airdrie and Shotts) (SNP)  
 Paterson, Gil (Clydebank and Milngavie) (SNP)  
 Robertson, Dennis (Aberdeenshire West) (SNP)  
 Robison, Shona (Dundee City East) (SNP)  
 Russell, Michael (Argyll and Bute) (SNP)  
 Salmond, Alex (Aberdeenshire East) (SNP)  
 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) (Ind)  
 Walker, Bill (Dunfermline) (Ind)  
 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)

**The Presiding Officer:** The result of the division is: For 45, Against 68, Abstentions 0.

*Amendment disagreed to.*

**The Presiding Officer:** The next question is, that motion S4M-06016, in the name of John Swinney, on Scotland's financial strength, be agreed to. Are we agreed?

**Members:** No.

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

**For**

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) (Ind)  
 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)  
 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)  
 McAlpine, Joan (South Scotland) (SNP)  
 McDonald, Mark (North East Scotland) (SNP)  
 McKelvie, Christina (Hamilton, Larkhall and Stonehouse) (SNP)  
 McLeod, Aileen (South Scotland) (SNP)  
 McLeod, Fiona (Strathkelvin and Bearsden) (SNP)  
 McMillan, Stuart (West Scotland) (SNP)  
 Neil, Alex (Airdrie and Shotts) (SNP)  
 Paterson, Gil (Clydebank and Milngavie) (SNP)  
 Robertson, Dennis (Aberdeenshire West) (SNP)  
 Robison, Shona (Dundee City East) (SNP)  
 Russell, Michael (Argyll and Bute) (SNP)  
 Salmond, Alex (Aberdeenshire East) (SNP)  
 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) (Ind)  
 Walker, Bill (Dunfermline) (Ind)  
 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**

Baker, Claire (Mid Scotland and Fife) (Lab)  
Baker, Richard (North East Scotland) (Lab)  
Baxter, Jayne (Mid Scotland and Fife) (Lab)  
Bibby, Neil (West Scotland) (Lab)  
Brown, Gavin (Lothian) (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)  
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)  
Henry, Hugh (Renfrewshire South) (Lab)  
Hume, Jim (South Scotland) (LD)  
Johnstone, Alex (North East Scotland) (Con)  
Kelly, James (Rutherglen) (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)  
McInnes, Alison (North East Scotland) (LD)  
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)  
Pearson, Graeme (South Scotland) (Lab)  
Pentland, John (Motherwell and Wishaw) (Lab)  
Rennie, Willie (Mid Scotland and Fife) (LD)  
Scanlon, Mary (Highlands and Islands) (Con)  
Scott, John (Ayr) (Con)  
Smith, Drew (Glasgow) (Lab)  
Smith, Elaine (Coatbridge and Chryston) (Lab)  
Stewart, David (Highlands and Islands) (Lab)

#### **Abstentions**

Harvie, Patrick (Glasgow) (Green)  
Johnstone, Alison (Lothian) (Green)

**The Presiding Officer:** The result of the division is: For 66, Against 45, Abstentions 2.

#### *Motion agreed to,*

That the Parliament notes the publication of the latest *Government Expenditure and Revenue Scotland* (GERS) report; welcomes its finding that Scotland was in a relatively stronger budget position than the UK as a whole, to the value of £824 per person or £4.4 billion as a nation last year; notes that, in 2011-12, Scotland generated 9.9% of UK revenues with 8.4% of the population while receiving only 9.3% of UK public spending; further welcomes Oil & Gas UK's *Activity Survey 2013*, which shows that North Sea investment is at a 30-year high; believes that, with the enormous potential of offshore wind, wave and tidal power, an independent Scotland would have the potential to secure its future as Europe's energy capital, and agrees with the conclusion of the Fiscal Commission Working

Group that there is no doubt that Scotland has the potential to be a successful independent nation.

**The Presiding Officer:** That concludes decision time.

*Meeting closed at 17:06.*



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

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