



The Scottish Parliament
Pàrlamaid na h-Alba

Official Report

MEETING OF THE PARLIAMENT

Wednesday 21 January 2015

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Scottish Parliament

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[The Deputy Presiding Officer opened the meeting at 14:00]

Portfolio Question Time

Infrastructure, Investment and Cities

The Deputy Presiding Officer (John Scott):

The first item of business is portfolio questions. To get as many people in as possible, I would be grateful for short and succinct questions and answers.

Ayrshire Economy (Air Passenger Duty)

1. Willie Coffey (Kilmarnock and Irvine Valley) (SNP): To ask the Scottish Government how the devolution of air passenger duty will help the Ayrshire economy. (S4O-03911)

The Cabinet Secretary for Infrastructure, Investment and Cities (Keith Brown): The Scottish Government's plans for a devolved air passenger duty will greatly assist the Ayrshire economy and the wider Scottish economy. We are committed to an initial 50 per cent reduction in APD and will move to full abolition when public finances permit. That will help all of Scotland's airports to compete more fairly and to secure new and existing routes.

Our analysis has suggested that a 50 per cent cut could deliver more than 1 million additional passengers annually. It will enable Glasgow Prestwick airport to approach airlines more confidently in the pursuit of new route opportunities. Ryanair has indicated that, if APD was abolished, it would double its passenger numbers in Scotland, which would provide significant benefits to passengers, businesses and our tourism sector as well as to the airports involved.

We have urged the United Kingdom Government to act on the Smith commission recommendation and devolve APD now. That view is shared by Scotland's main airports, which have written to each of the Westminster party leaders to urge quick progress.

Willie Coffey: As the cabinet secretary said, Michael O'Leary said in response to a question at the British-Irish Parliamentary Assembly that he could double the number of passengers coming to Prestwick if APD were to go. Will the cabinet secretary assure me that, if the power over APD is transferred under the Smith proposals, it will be

enacted as soon as possible to maximise the benefits for the wider economy in Ayrshire?

Keith Brown: It is incumbent on us to act as quickly as possible when we have the power, but the first thing that has to happen, as Willie Coffey knows, is that the power has to be devolved. We continue to press the UK Government to devolve APD as a matter of urgency.

A number of studies in recent years have shown the negative economic impacts of APD as applied by the UK Government, and Scotland's airports frequently tell us that APD represents a barrier to route development efforts. We have seen from the sale of slots and the withdrawal from routes the impact that APD is having on airlines. The chancellor's recent decisions to remove the two highest APD bands from April and to abolish APD for children under 12 from May have attracted good UK media coverage, but the economic impact on Scotland is expected to be limited.

The devolution of power seems to be slow. It was first agreed in 2009, but it has followed the same kind of process as the Chilcot report—both processes started in 2009, but neither has really produced anything yet. It is not so much a breakneck pace as a brass-neck lack of action on the UK Government's part.

Alex Johnstone (North East Scotland) (Con):

The minister will be aware that I share his intent when it comes to the reduction or abolition of air passenger duty. However, in relation to the question that was asked, what evidence does he have to suggest that the reduction or abolition of APD would benefit Prestwick? Is there a dangerous possibility that it might boost the airline industry and other airports without benefiting Prestwick at all?

Keith Brown: I have answered that question previously. I cited the example of Ryanair, which has said that it expects a higher increase at Edinburgh airport—I think that the passenger numbers involved are about 1.5 million. Ryanair has forecast a million new passengers for Prestwick, if APD were completely abolished, and doubling the current numbers has also been mentioned.

In contrast to the comments made by Mr Johnstone's colleague Gavin Brown, who questioned the benefit to flights going from Scottish airports of any reduction in APD, the fact is that, if we make it easier for people to reach their holiday destinations from Scottish airports, we will improve the economic performance of those airports as well as the situation of all the jobs that support the airports' operation. The York Aviation study gives us that evidence, as does Ryanair. We are confident that, if we can get on and do it, and if the UK Government ever gets

round to devolving APD, we could see huge benefits for Prestwick and all of Scotland's airports.

Glasgow Queen Street Station (Renovation)

2. Hanzala Malik (Glasgow) (Lab): To ask the Scottish Government what action it is taking to minimise disruption to passengers and businesses during the renovation of Glasgow Queen Street station. (S4O-03912)

The Minister for Transport and Islands (Derek Mackay): Network Rail and ScotRail are working together to deliver the redevelopment of Queen Street station. In addition, Transport Scotland and its industry partners are working alongside Glasgow City Council, Buchanan Galleries, Glasgow Chamber of Commerce, Passenger Focus and Strathclyde partnership for transport to develop a robust management plan that will ensure the absolute minimum of disruption to the travelling public.

Hanzala Malik: I welcome the planned upgrade of the station, which is the third busiest in Scotland, as part of the Edinburgh to Glasgow improvement programme. However, the project's construction period is planned to last for four years, until 2019, and I have concerns about the work having a negative impact on how Queen Street connects with other modes of transport and about access for disabled passengers. Will the minister assure me that passengers' access will not be impeded in any way and that the refurbishment will go through perhaps even sooner, rather than later?

Derek Mackay: This far out from the start date, it is difficult to say that the project will go more quickly than planned, but I will commit to ensuring that there is consideration and oversight of all the relevant issues, including access, the benefits of the work, connecting with the Edinburgh to Glasgow improvement programme and the partnership with Glasgow City Council and others. We want to ensure that they are all tied in together, and I will work closely with our agencies to make that so.

There are massive benefits in the station redevelopment and they should be realised. I am sensitive to the issues of access and so on and I will make sure that we all have sight of them as we work our way through. To assist members with all the issues around the rail improvement project and the station's upgrade, I intend to hold a presentation, at which members will be able to hear of all the factors that relate to this multimillion-pound work and how it will bring immense benefits to the country.

Sandra White (Glasgow Kelvin) (SNP): This is an exciting time for Glasgow and for Queen Street,

which is in my constituency. The minister mentioned benefits. What improvements will be brought to commuters and businesses at Queen Street?

Derek Mackay: Like Sandra White, I am excited by the project, as members would expect. The benefits of the £120 million redevelopment will transform Queen Street station into a world-class, 21st-century integrated transport hub. Capacity will be future proofed well into the next decade, and passengers who use the newly redeveloped station will benefit from improved accessibility, enhanced station facilities and direct access to the Buchanan Galleries development.

Given that the work will take place on a live railway and an operational station, it is inevitable that there will be some disruption, but we will try to minimise that and maximise the benefits that emerge from this exciting project.

John Mason (Glasgow Shettleston) (SNP): Can the minister say anything about whether we can encourage passengers who are going from Queen Street to Edinburgh to use the excellent low-level service through Airdrie and Bathgate?

Derek Mackay: I agree with John Mason on that point. We will use a range of diversions to maintain as much of the network's connectedness as possible. That is why the line there will be of such benefit, in addition to what was first envisaged. We will use everything that we can to minimise disruption to the travelling public, in order to continue to give the rail network the support that it deserves and to continue to increase passenger numbers.

Clyde and Hebridean Ferry Services

3. Ken Macintosh (Eastwood) (Lab): To ask the Scottish Government what assurance it can provide that Clyde and Hebridean ferry services will not be privatised. (S4O-03913)

The Minister for Transport and Islands (Derek Mackay): The next Clyde and Hebrides ferry services contract will comply with European law and be tendered in the same way as the current contract's tender process was undertaken between 2005 and 2007. The contract will be awarded to the operator that submits the most economically advantageous tender. Notwithstanding the need to tender the services, the operator will have to comply with a service specification defined by the Scottish ministers and will be subject to stringent contract-management arrangements, as the current operator is. We cannot prejudge who the successful bidder will be, but I confirm to the chamber that the Clyde and Hebrides services will remain under the Scottish ministers' control throughout the contract.

Alex Johnstone (North East Scotland) (Con): Hear, hear.

Ken Macintosh: I thank the minister for his answer, although I am not sure whether islanders and others who rely on the ferry services will be entirely reassured. Is he aware of the anxiety that the services might be sold off to a company such as Serco, just as the Government sold off the overnight sleeper service to London? Will he assure islanders that services will at least be retained as one bundle and will not be sold off individually so that private companies can select the most profitable elements?

Derek Mackay: The answer to the direct question that the member asks is yes—the routes will be packaged as one bundle. We will be clear in the specifications that are required to address the needs of the travelling public. I am very sensitive to islanders in my capacity as the Minister for Transport and Islands.

I do not accept in its entirety the characterisation from Ken Macintosh. The process is the same one as the Labour Party deployed when it made such decisions. We will ensure that the islanders get the best possible service and we will keep a close oversight of the tendering process. We cannot and must not prejudge the outcome of that process; indeed, it would be illegal to do so.

Stuart McMillan (West Scotland) (SNP): I welcome the Scottish Government's commitment to these vital services. Will the minister update the Parliament on the roll-out of the road equivalent tariff for the Clyde and Hebrides ferry services later this year?

Derek Mackay: The RET for passengers, cars, small commercial vehicles and coaches will be rolled out to the remaining Clyde and Hebrides routes in October this year, as we committed to do in the ferries plan. The Scottish Government is committed to supporting our island and remote communities, and the RET underpins the Scottish Government's commitment to providing a single overarching fares policy across Scotland's entire ferry network. I know that delivery of the RET to the remaining Clyde and Hebrides routes will be warmly welcomed by those communities.

David Stewart (Highlands and Islands) (Lab): Further to Ken Macintosh's question, will the minister confirm the exact timing for the tender? Will he involve the island authorities in the tender process? Does he agree that an integrated public sector operator is good news for jobs, services and fares?

Derek Mackay: I am happy to write to the member with the exact details of timescales, if that is of assistance.

There has been engagement with the island authorities and I give a guarantee that it will be on-going. I have been clear with island authorities that, as we conduct our business in the way that we propose in the prospectus for Scotland's islands, there will be even deeper and wider engagement on such matters.

There will be more consultation. I will give David Stewart and any other member who is interested the exact specifics on the timetable for announcing the successful bidder.

North Lanarkshire Council (Meetings)

4. John Pentland (Motherwell and Wishaw) (Lab): To ask the Scottish Government when the Cabinet Secretary for Infrastructure, Investment and Cities last met North Lanarkshire Council and what was discussed. (S4O-03914)

The Cabinet Secretary for Infrastructure, Investment and Cities (Keith Brown): I had the chance to visit North Lanarkshire in my previous position as Minister for Transport and Veterans to witness the progress on the rail network in the area as part of the Edinburgh to Glasgow improvement programme. However, I have not yet had the opportunity to meet North Lanarkshire Council in my new role.

John Pentland: Given that Ravenscraig is now a major national priority, will the cabinet secretary consider what more support the Scottish Government can give in order to attract investment? For example, could the growth accelerator model unlock more funding than the tax incremental financing approach? Will he agree to meet me and other interested parties in the near future?

Keith Brown: I am more than happy to meet John Pentland to discuss the issues that he raises. Some of them are impacted by the Glasgow and Clyde valley city deal that has been struck, of which North Lanarkshire Council is, of course, a key part. As the member will be aware, the council has prioritised a number of projects as part of the city deal. I have not yet seen an approach involving the growth accelerator model, but I am more than happy to discuss that with the member and others whom he wants to bring to the meeting when it takes place.

Neil Findlay (Lothian) (Lab): North Lanarkshire Council, like other councils, is experiencing service cuts and job losses because of underfunding of the council tax freeze. Does the minister agree with John Stevenson of Unison, who said last week that, if there were 40,000 job losses in any other sector, there would be calls for an inquiry from politicians?

Keith Brown: Perhaps Neil Findlay's colleagues should not have voted for the Tory

austerity programme at Westminster, because that is the source of the cuts.

Neil Findlay: Answer the question.

Keith Brown: Perhaps Neil Findlay could also take up the issue with his colleague Liam Byrne, who was the Chief Secretary to the Treasury and who left a note with the last word of the previous Labour Government saying, "There is no money."

Neil Findlay: Just once, answer the question.

The Deputy Presiding Officer: Mr Findlay! Enough!

Keith Brown: That is the legacy that Labour left us, so perhaps Neil Findlay should apologise to those 40,000 employees for the part that Labour has played in the cuts to local government.

Rail Investment

5. Adam Ingram (Carrick, Cumnock and Doon Valley) (SNP): To ask the Scottish Government what its response is to the rail investment proposals in the Industrial Communities Alliance's paper, "Tracks to Work". (S4O-03915)

The Minister for Transport and Islands (Derek Mackay): The Scottish Government welcomes the report and agrees with the need to rebalance the United Kingdom economy away from overreliance on London.

We also recognise the critical role that the rail industry plays in supporting our businesses and communities by connecting towns, cities and rural areas and by improving access to employment and education.

We have embarked on a five-year, £5 billion programme of railway investment across the network, including key projects such as the Edinburgh to Glasgow improvement programme, the Borders railway, Aberdeen to Inverness line improvements and the Highland main line rail improvements.

Adam Ingram: I thank the minister for his response. What investment specifically is planned for the Glasgow south-western line in order to improve the frequency of the service? Also, are there any plans to add a new rail halt at Mauchline?

Derek Mackay: When rolling stock is available, from December 2017 an enhanced timetable on the Glasgow-Dumfries-Carlisle route can be operated. There will be more frequent services, better connections, on-board catering and refreshed rolling stock, plus dedicated great Scottish scenic train journeys. That demonstrates Scottish ministers' commitment to improving rail

services and connectivity across the Scottish network.

The Scottish Government has no current plans to open a railway station at Mauchline. Funding for new railway stations can be considered under the £30 million Scottish stations fund, which aims to lever in third-party funding to promote and improve the new stations. However, the responsibility to demonstrate the need for station improvements lies with the relevant promoter—for example, local authorities, regional transport partnerships or developers. I would be more than happy to work with Adam Ingram on such an application.

Mary Fee (West Scotland) (Lab): Much of the investment in rail infrastructure has been in the central belt or in city areas. Borders rail is a notable exception to that. "Tracks to Work" makes the point that reopening existing lines is a cheaper alternative to investment in new services, and that the investment generates growth through jobs—for example, 1,000 workers are employed on the Borders railway. Many of the lines that were closed in Scotland—

The Deputy Presiding Officer: And the question is?

Mary Fee: Many of the lines are in rural areas where there is poor connectivity and little access to jobs, so does the minister have any plans to reopen any previously closed lines? That would give a welcome economic boost to those areas. Is that something that the minister is willing to consider in future planning?

Derek Mackay: Of course the Scottish Government would be happy to consider any approach to extend and reopen lines. The Borders railway is a great example of how we are doing that. The stations fund will also unlock opportunities to lever in external funding to open up stations, so we encourage partners to be as creative as possible, and we will happily extend and expand the rail network. However, we are bound by the financial constraints that we are presented with, largely through capital reductions from Westminster, which should be challenged.

We take a proactive and encouraging approach. I encourage everyone to bring forward proposals to extend rail because we know that it is increasingly popular and will serve Scotland well in regard to the sustainability agenda in the future.

Road and Rail Network (Aberdeenshire)

6. Dennis Robertson (Aberdeenshire West) (SNP): To ask the Scottish Government what improvements are planned to upgrade the road and rail network in Aberdeenshire. (S4O-03916)

The Cabinet Secretary for Infrastructure, Investment and Cities (Keith Brown): The

Scottish Government is addressing years of underinvestment in the north-east. We are currently committed to schemes that include the Aberdeen western peripheral route, Balmedie to Tippetty road improvements, Aberdeen to Inverness rail improvements, Inveramsay bridge and Haudagain roundabout, and which total almost £1 billion. By 2030, the planned £3 billion investment on dualling the A96 between Inverness and Aberdeen will provide further vital improvements that will benefit the area.

Dennis Robertson: I thank the cabinet secretary for that extremely positive answer. Does the cabinet secretary agree that that action is in keeping with the Government's proposal and strategy for economic growth, that it will provide jobs for the north-east and that it is testament to the Government's plans to secure employment in the north-east?

Keith Brown: Dennis Robertson's question is very topical, given some of the recent developments in the north-east. The Scottish Government fully appreciates the important role that investment in road and rail infrastructure plays in the creation and sustainment of jobs in the north-east, which is demonstrated by the programme of investment that I have just outlined.

As an example of that, the construction of the AWPR alone is expected to lead to more than 14,000 jobs being generated over the first 30 years after the scheme opens, and it is estimated that it will generate more than £6 billion in additional income for the north-east by reducing cost to businesses and providing opportunities for increased sales.

We can contrast that positive action by the Scottish Government with the dithering over oil taxation that we are currently seeing from the United Kingdom Government, which demonstrates that the Scottish Government is doing the job that is necessary to ensure that we increase economic activity and job opportunities in the north-east.

Culture, Europe and External Affairs

The Deputy Presiding Officer: We move to portfolio questions on culture, Europe and external affairs. I offer my apologies to members who have questions but whom I have been unable to call this afternoon.

Broadcasting (Meeting with Ofcom)

1. Dave Thompson (Skye, Lochaber and Badenoch) (SNP): To ask the Scottish Government when it will next meet Ofcom to discuss broadcasting. (S4O-03921)

The Cabinet Secretary for Culture, Europe and External Affairs (Fiona Hyslop): I am due to

meet Professor Philip Schlesinger, the Office of Communications content board member for Scotland, on Wednesday 28 January, and a meeting is currently being arranged with the chair of Ofcom at her request.

Dave Thompson: Given that the Scottish National Party is the third-largest political party in the United Kingdom, what does the cabinet secretary feel about Ofcom's position with regard to preventing the SNP from appearing in the general election broadcasts that are currently being discussed? The SNP is being excluded, along with parties including Plaid Cymru and the Greens, but Ofcom appears to be proposing that the UK Independence Party, which is tiny in comparison with the SNP, may be given a position in those debates.

Fiona Hyslop: Ofcom does not regulate debates. I believe that Dave Thompson's point is about consultation of the major parties. The SNP is now the third-largest party in terms of membership in the United Kingdom, and I think that the decision not to consult is both illogical and undemocratic.

I make it clear that, when I meet Ofcom, I will be doing so as the relevant cabinet secretary dealing with the SNP Government's policy. The issues that Dave Thompson raises are quite rightly dealt with by the relevant party spokesperson.

Major Events (Promotion)

2. Murdo Fraser (Mid Scotland and Fife) (Con): To ask the Scottish Government what it is doing to promote major events in Scotland. (S4O-03922)

The Cabinet Secretary for Culture, Europe and External Affairs (Fiona Hyslop): This year, Scotland will play host to a fantastic programme of major events, which include the world gymnastics championships, International Paralympic Committee swimming and eventing, and European judo and orienteering championships, as well as the Davis cup, the open golf championship, the Turner prize and the MOBO—music of black origin—awards.

Having further enhanced our reputation as a world-leading events destination through the highly successful delivery of last year's major events, the Scottish Government will continue to ensure that Scotland has a rich and sustainable programme of events that are promoted effectively at home and internationally.

With the aim of maximising economic impact, major events are promoted through VisitScotland's international and domestic campaigns using a wide range of marketing channels, including social media, public relations, television advertising and direct mailing. Last year, the VisitScotland

consumer website alone had approximately 14 million unique visitors.

Murdo Fraser: The cabinet secretary mentioned the open golf championship, which is coming to St Andrews in July. What will the Scottish Government and its agencies do specifically to ensure that we maximise the economic opportunity for Fife that will result from that event, which will attract a worldwide audience of many millions, and to ensure that as many of those people as possible come to visit Fife in the years to come?

Fiona Hyslop: A range of activities, and not just that one event, are taking place in Murdo Fraser's region—Mid Scotland and Fife—next year. He will recognise that I am not the minister who is responsible for tourism, but I am happy to ask the relevant minister—Fergus Ewing—to give Murdo Fraser an idea of how the Government is helping to support VisitScotland to ensure that people stay longer and spend more money in order to boost the economy and the benefits from the open golf championship

Creative Scotland (Meetings)

3. Neil Bibby (West Scotland) (Lab): To ask the Scottish Government when it last met Creative Scotland and what issues were discussed. (S4O-03923)

The Cabinet Secretary for Culture, Europe and External Affairs (Fiona Hyslop): The Scottish Government and Creative Scotland have regular meetings at all levels covering a broad range of issues. Those include monthly formal update meetings through the sponsor team, and regular meetings about specific projects. I last met Janet Archer, the chief executive of Creative Scotland, last Thursday at the brilliant opening concert of Celtic Connections celebrating Martyn Bennett's work. Last week, I announced the appointment of Richard Findlay as the new chair of Creative Scotland and I am sure that members will want to wish him well in his role.

Neil Bibby: The cabinet secretary will be aware of the evidence to the Economy, Energy and Tourism Committee this morning from the film industry, which raised concerns about Creative Scotland and Scottish Enterprise. In March last year, Scottish Enterprise published a report backing a film studio, but we have heard nothing since. How would the cabinet secretary respond to concerns that there is a lack of vision and leadership for the film sector in Scotland, in contrast to the growing film sectors in Wales and Northern Ireland, and that we are missing out on significant productions?

Fiona Hyslop: The Government has provided significant support for the film and television

industry. I point to the total figures for screen support from 2007 to 2013-14. We inherited a budget of £16.2 million for screen support in 2007, and that went to £21.6 million in 2013-14.

I absolutely share the focus and determination in relation to permanent film studio provision in Scotland. It is important not only to attract inward investment but to help the indigenous industry. Neil Bibby will be aware that several privately funded studio proposals are currently being consulted on and, while that is happening, it is difficult for the Scottish Government to provide public funding without breaking European Union state aid rules. He will undoubtedly be familiar with the situation in Spain, where there was significant clawback of public funding for a studio because it was seen not to comply with EU state aid rules.

Having said that, I am absolutely determined that we make progress and I look forward to discussing issues to do with the creative industries generally and, I suspect, film in particular with the relevant committee when I give evidence in the next few weeks.

The Deputy Presiding Officer: Brief questions and answers would be appreciated.

Liz Smith (Mid Scotland and Fife) (Con): In light of what the cabinet secretary just said, in 2013 the Scottish Government made the specific commitment to the film industry of a £2 million grant; why has that money not been spent?

Fiona Hyslop: I am sure that the member will examine the budget proposals: it was not a £2 million grant; it was a £2 million loan fund. It is for the private sector to decide whether to access the loan fund. Were there to be market failure, that funding could be used differently with the public sector. However, we have made that provision and it is available for film support.

Claire Baker (Mid Scotland and Fife) (Lab): Given the strength of feeling that the film industry expressed this morning, including claims that Creative Scotland and Scottish Enterprise are not fit for purpose, will the cabinet secretary hold an urgent meeting with Creative Scotland and Scottish Enterprise to address the concerns?

Fiona Hyslop: I have yet to read the full *Official Report* of what was said this morning, but I have met and regularly meet a number of the people who gave evidence and I am familiar with some of the issues. There are some issues with how we balance the economic enterprise focus that Scottish Enterprise has and the lead role that Creative Scotland has in relation to the arts and screen. That is not a new issue—it is a long-standing one—but it must be resolved. I share Claire Baker's point and the points that were made this morning that it should be resolved. I will take responsibility for achieving that.

Dennis Robertson (Aberdeenshire West) (SNP): On a point of order, Presiding Officer. Claire Baker refers to a continuing inquiry by the Economy, Energy and Tourism Committee, which is to take evidence from Creative Scotland and Scottish Enterprise next week. It is inappropriate that she raises the subject in the chamber this afternoon.

The Deputy Presiding Officer: Thank you for your point of order, Mr Robertson, but it is not a point of order. Members are free, by and large, to raise whatever issues they choose in the Parliament. That is what it is for.

Holocaust Memorial Day

5. Kenneth Gibson (Cunninghame North) (SNP): To ask the Scottish Government how it plans to recognise Holocaust memorial day and the 70th anniversary of the liberation of Auschwitz in 2015. (S4O-03925)

The Minister for Europe and International Development (Humza Yousaf): The First Minister will attend the national Scottish holocaust memorial event 2015 in Ayr on 27 January to commemorate the 70th anniversary of the liberation of Auschwitz-Birkenau and the 20th anniversary of the Srebrenica genocide. The Scottish Government has financially supported the development of the 2015 event through a grant of £8,000 to Interfaith Scotland. I will attend the Glasgow schools holocaust memorial event and a holocaust memorial day reception in the Scottish Parliament.

Kenneth Gibson: Like all of us, the minister will have been appalled by the recent rise in anti-Semitism in the United Kingdom and Europe, which has led to acts of violence and indiscriminate murder. What will the Scottish Government do to help to counter anti-Semitism and ensure that Jews feel safe and welcome in Scotland?

Humza Yousaf: I thank the member for that important question, and I absolutely share his concern about anti-Semitism and the horrific actions that took place in Paris, including those incidents that were specifically targeted at the Jewish community. All of us are united in our condemnation of those events and in our feelings of hurt about them. The Scottish Government values the important role that the Jewish community plays in enriching our lives in Scotland.

On the wider issue of hate crimes, it is important to say that hate crimes decreased between 2012-13 and 2013-14. However, between June 2014 and 20 January this year, there have been 57 reported incidents of anti-Semitism. That is, by this Government's standard, 57 incidents too many.

The Scottish Government works closely with the Scottish Council of Jewish Communities and many other organisations to stamp out anti-Semitism. For example, the Scottish Government-funded speak up against hate crime programme will continue to reassure people in the Jewish community that we absolutely appreciate their contribution to Scotland and we will continue to work closely with them so that they feel safe here.

Budget Priorities 2015-16 (Culture, Europe and External Affairs)

6. Gavin Brown (Lothian) (Con): To ask the Scottish Government what the budget priorities are in 2015-16 for the culture, Europe and external affairs portfolio. (S4O-03926)

The Cabinet Secretary for Culture, Europe and External Affairs (Fiona Hyslop): The culture, Europe and external affairs portfolio budget has been prioritised to maintain delivery of front-line services, including free access to our national museums and galleries, to deliver key capital projects in the cultural and heritage sectors and to maximise our international profile.

The full explanation of 2015-16 budget priorities for the portfolio are set out in chapter 11 of the Scottish Government draft budget for 2015-16, which was published on 9 October 2014.

Gavin Brown: According to the Scottish Parliament information centre, the portfolio has gone from having 1 per cent of the total Scottish budget in 2010-11 to 0.8 per cent and now, in 2015-16, to 0.7 per cent. Why is that?

Fiona Hyslop: I am happy to provide further detail in writing after this question time. Some of the decrease is due to internal transfers between different areas in Government, such as the money that was earmarked for the years of homecoming and so on, which are precisely the areas that I have discussed with the Education and Culture Committee when I have given evidence to it this year and in previous years.

We have maintained our international development fund and have maintained the grants that Historic Scotland gives to provide for renovation, heritage and so on. We have protected our national companies and our national collections, and we have protected Creative Scotland. Actually, we have achieved a tremendous amount.

The member should reflect on the significant cuts that have been experienced by the Department for Culture, Media and Sport and the Arts Council England, which the Labour Party has said that it would maintain. If he talks to people in the culture sector in Scotland, he will see that they would far rather have a Scottish National Party Government protecting their cultural services here

in Scotland, because the prospect of what is happening down south is distressing for the artistic and cultural community.

Anne McTaggart (Glasgow) (Lab): How many of the organisations that receive money from that ever-decreasing budget are living-wage employers?

Fiona Hyslop: In relation to not only this question but the next question, I would say that, as we go forward to the 2015-16 budget, there will be some increases in our budgets, with the Europe and external affairs budget rising to £17.9 million, culture rising from £150.6 million to £174.7 million and Historic Scotland rising from £37.8 million to £40.1 million.

I am happy to give the member information in relation to the organisations that she asks about. The ones that are part of the Government's public pay policy pay the living wage. I was particularly pleased that National Museums Scotland Enterprises was one of the first organisations that is not part of the Scottish Government's pay policy to implement the living wage for its staff.

Everybody knows that workers in all organisations in the Scottish Government's pay policy benefit from the living wage and that those who earn less than £21,000 will benefit from an increase. That matters a lot in the culture and heritage sector, which has more people on low pay than other sectors.

Culture and Heritage and External Affairs Directorates (Staff)

7. Neil Findlay (Lothian) (Lab): To ask the Scottish Government how many of its staff work in the culture and heritage and external affairs directorates. (S4O-03927)

The Cabinet Secretary for Culture, Europe and External Affairs (Fiona Hyslop): There are 50 people who work in the directorate for culture and heritage, which comes to a full-time equivalent of 47.4. There are 92 people who work in the directorate for external affairs, which comes to a full-time equivalent of 89.6.

Neil Findlay: Within the cabinet secretary's wider portfolio, there are low-paid staff working in National Museums Scotland. Those who have been employed since 1 January 2011 now work in a two-tier workforce and receive up to £3,000 less than their colleagues who were there prior to that date. Will the cabinet secretary ditch the scripted rhetoric on low pay and actually do something to help some of the lowest-paid workers in her portfolio?

Fiona Hyslop: If the member had been listening to my answer to Anne McTaggart, he would realise that there have been more challenges in

this portfolio than anywhere else. We have heard about the tightness of budgets but, despite that, many very dedicated people are working in our collections and in other areas of culture and heritage. The member will have seen the number of stewards at Historic Scotland properties.

We have ensured that they have a living wage, which was not provided when the Labour Party was in government. We have also ensured that those earning under £21,000 have got their uplift, too—a significant number of them operate in the sector. I have spoken to a number of trade union representatives and to the chair and chief executive officer of NMS. I want to see a resolution.

The member is misleading when he implies that people are receiving or have had pay cuts. Nobody has received a pay cut and nobody will receive a pay cut.

Iraq (International Development Support)

8. Bob Doris (Glasgow) (SNP): To ask the Scottish Government what international development support it is providing for people affected by the humanitarian crisis in Iraq. (S4O-03928)

The Minister for Europe and International Development (Humza Yousaf): The Scottish Government's international development fund currently focuses on providing support in seven priority countries. In addition, over the past two years we have responded to humanitarian emergencies in the Philippines, Gaza, Syria and west Africa. We have previously assisted in Iraq, with money that was confiscated from the Weir Group. We do not have plans to extend that in the current international development funding round.

We are, of course, closely monitoring the situation in Iraq, and we are very concerned about the plight of the people who have been affected by the on-going violence carried out by the Islamic State of Iraq and the Levant—ISIL—against innocent civilians, which we condemn in the strongest possible manner.

Bob Doris: The minister will know from meetings and correspondence with me that suggestions have been made about how the pharmaceutical sector could help to address the humanitarian crisis and about how Scottish Water could use its expertise in refugee camps, for instance. I wonder what formal contact the Scottish Government would consider making to the Kurdistan Regional Government to ascertain what specific, bespoke and added value could be brought to the international aid effort in Iraq and the wider region. Will the minister meet me to help to co-ordinate those efforts and to see what

Scotland can do to play its part in addressing this international crisis?

Humza Yousaf: I recognise the work that Bob Doris has done with the people of the Kurdish region. Since his last meeting with the then Cabinet Secretary for Health and Wellbeing, Alex Neil, officials have contacted the Association of the British Pharmaceutical Industry, which told us that the industry generally works with International Health Partners to donate medicines to places in need. ABPI has contacted IHP and is still awaiting a response but, on the back of Mr Doris's questions, I will certainly chase that up myself.

Regarding Scottish Water, the issue has been raised previously, and the Scottish Government contacted Scottish Water to see what work it could do with the region of Kurdistan. The appropriate details were passed on to the Kurdistan Regional Government, and it would be for the KRG to liaise directly with Scottish Water to determine whether or not some assistance can be given.

I am more than happy to meet the member and to meet representatives of the KRG—which we do on a regular basis.

Pròiseact nan Ealan (Funding)

9. Angus MacDonald (Falkirk East) (SNP): To ask the Scottish Government what discussions it has had with Creative Scotland regarding long-term funding for the Gaelic arts agency, *Pròiseact nan Ealan*. (S4O-03929)

The Cabinet Secretary for Culture, Europe and External Affairs (Fiona Hyslop): The Minister for Learning, Science and Scotland's Languages met the chief executive of Creative Scotland on 11 December 2014 and discussed Creative Scotland's support for Gaelic projects and initiatives. In that discussion, the role and funding of *Pròiseact nan Ealan* was discussed. Ministers are aware of PNE's strong record and are keen for it to continue and to be built on in the years ahead.

Angus MacDonald: I recognise the cabinet secretary's and the Scottish Government's strong support for Gaelic to date. However, the decision by Creative Scotland not to award annual client funding is clearly disappointing, especially given that *Bòrd na Gàidhlig* submitted a letter in support of PNE's application. PNE has now placed its staff under a protective notice of redundancy.

Given the cabinet secretary's widely recognised support for the Gaelic language, she will appreciate the impact of the decision, so I ask her to ensure that Creative Scotland revisits the decision.

Fiona Hyslop: Creative Scotland has the role and responsibility to make its own decisions, and

difficult decisions had to be made. We should remember that there were £212 million-worth of applications for an available budget of £100 million.

I reiterate that we want PNE to succeed in future. It did not previously have foundation funding; it had annual project funding, which it is still eligible for. I strongly recommend that it applies for project funding. My message is about as clear as I can possibly make it about my confidence in the organisation's ability to succeed.

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

The Presiding Officer (Tricia Marwick): The next item of business is a debate on motion S4M-12101, in the name of John Swinney, on the Budget (Scotland) (No 4) Bill.

I call John Swinney to speak to and move the motion. Deputy First Minister, you have 14 minutes.

14:40

The Deputy First Minister and Cabinet Secretary for Finance, Constitution and Economy (John Swinney): Parliament begins its consideration of stage 1 of the budget bill against an encouraging set of economic indicators that have been issued today. Employment is at a record high; unemployment is at the lowest rate of any country in the United Kingdom; and Scotland's year-on-year gross domestic product grew by 3 per cent in the 12 months to quarter 3 in 2014, which is higher than growth in the UK over the comparable period.

The Scottish Government believes that our approach to economic recovery is now becoming sustained, and in this budget we take forward further measures to boost the economy and address the inequality that inhibits our progress.

Willie Rennie (Mid Scotland and Fife) (LD): I am sure that the Deputy First Minister would be disappointed if I did not raise the important point that that economic growth, employment growth and unemployment reduction are based on an economic plan that his party said would not work but which is working for Britain.

John Swinney: I have referred to the fact that growth in Scotland was higher than growth in the UK over the comparable period. That must mean that the measures that this Government is taking are having a more emphatic effect on economic recovery.

The Budget (Scotland) (No 4) Bill that we are debating today will give effect to the 2015-16 draft budget that I published in October and the provisions that have been announced since then. I thank the Finance Committee for its scrutiny report, which provides a comprehensive overview of the draft budget, and today I will address some of the issues raised in it and respond in full in advance of next month's stage 3 debate.

The Finance Committee asked me to provide an update on progress with agreeing the block grant adjustment with Her Majesty's Treasury in relation to the new devolved taxes, and I have written to the convener to confirm that we have finalised a

one-year adjustment for 2015-16 at £494 million. Issues remain outstanding on the effect of forestalling and the time lag in tax collection. I am unable to confirm when those issues will be resolved, as they depend on negotiations with HM Treasury, but the high-level agreement provides sufficient certainty to allow me to finalise the Scottish Government proposals for the rates and bands for the devolved taxes.

I have prepared an updated forecast of the revenue that I expect to raise. The Scottish Fiscal Commission has endorsed the forecast as reasonable, and I have placed a copy of the letter that I have received from the commission in the Scottish Parliament information centre.

In October, the draft budget provided me with the opportunity of being the first finance minister in Scotland for 308 years to set national tax rates. Even that experience did not prepare me for the surprise of seeing the design of my national tax being replicated across the UK by the Chancellor of the Exchequer two months later.

I was clear that I intended the design of the taxes and the associated bands to be influenced by Adam Smith's four maxims, particularly that taxes should be proportionate to the ability to pay. I also said that the taxes would be revenue neutral.

Gavin Brown (Lothian) (Con): If, as Mr Swinney maintains, the design has been copied exactly, why have we had forestalling?

John Swinney: My point to Mr Brown is that the chancellor, having had years and years to reform stamp duty land tax, took two months to look at Scotland's reforms and said, "That looks like a good idea—I'm going to do that for the rest of the United Kingdom."

One consequence of the chancellor's announcement in December is that the amount of revenue that I need to raise to meet the commitment to revenue neutrality is lower than was anticipated at the time of the draft budget. As a result, I have chosen to review the rates and bands for residential land and buildings transaction tax. In doing so, I will remain true to all of the principles that I established in October.

It was my priority then and it remains my priority to help first-time buyers to enter the housing market and to assist people as they progress through the property market. Consistent with the principle that tax should be proportionate to the ability to pay, the burden of taxation should fall on each according to their ability to pay.

I have designed the following rates to support the Scottish market. While in London the average house price is £510,000, in Scotland it is £170,000 and the average price of a detached house is

around £244,000. With effect from 1 April 2015, to provide further support for first-time buyers, the threshold for beginning to pay tax will be increased to £145,000, which will take 50 per cent of transactions, or another 5,000 homes, out of tax altogether.

A marginal rate of 2 per cent will apply to transactions of between £145,000 and £250,000. To restore the benefit of my proposals to those who buy properties up to the value of £330,000, I will introduce an additional marginal rate of 5 per cent for transactions of between £250,000 and £325,000. For those between £325,000 and £750,000, the marginal rate will be 10 per cent. In order to ensure that we are able to provide benefits for those at the bottom of the market while retaining the principle of proportionality, the top marginal rate of 12 per cent will now affect all transactions above £750,000.

As a result of my announcement today, more than 90,000 taxpayers—nine out of 10 taxpayers—will be better or no worse off under the Scottish system than they would have been under UK stamp duty land tax; all those who buy a residential property in Scotland for £330,000 or less will pay up to £400 less tax under LBTT or will pay no tax at all; and 99.9 per cent of those people involved in residential transactions will pay less tax, or no tax at all, compared with the rates and bands that were proposed in October. Only people who buy a home for more than £945,000 will pay more in tax under our new plans compared with our draft budget proposals.

Given that 50 per cent of transactions will be lifted out of tax altogether, the measures that I propose send a very clear message. In exercising our first judgments on national taxes, this Government has put fairness, equity and the ability to pay at the very heart of the decisions that we have taken.

Malcolm Chisholm (Edinburgh Northern and Leith) (Lab): For clarity, could the cabinet secretary tell us how much less overall in taxation will come in as a result of the changes compared with what he announced previously?

John Swinney: In October, I estimated that the taxes would bring in £558 million. The block grant adjustment has been agreed at £494 million, so the figure is the difference between those two numbers.

I will bring orders before the Parliament to set the rates of land and buildings transaction tax that I have outlined, and I can confirm that I will bring forward orders to set the rates of non-residential land and buildings transaction tax and Scottish landfill tax at the rates that I announced back in October.

Within the context of constrained public finances, in which our budget has fallen by nearly 10 per cent since 2010, our programme for government and the budget bill contain a range of measures that are focused on making Scotland a more prosperous country, tackling inequality, and protecting and reforming our public services.

The draft budget outlines and supports a range of interventions that directly deliver economic stimulus and employment opportunities, but which also deliver longer-term assets that will improve productivity and connectivity throughout the country. Through a series of measures that are supported in the bill, we will secure infrastructure investment of around £4.5 billion in 2015-16, with investments being made in housing, in schools and in health services.

Greater connectivity in our transport system will be delivered, along with a superfast broadband network to more than 95 per cent of properties by the end of 2017. The convener of the Finance Committee may wish to note that it is anticipated that communities in Arran—where I appeared before his committee during the budget process—will be able to access the new network from spring 2016.

In December, I confirmed to Parliament that I would allocate consequentials from the autumn statement in order to continue to match English poundage rates and to ensure that we continue to provide the most competitive business rates regime in the UK. We must ensure that the economic opportunities that emerge are available to all. The budget bill supports measures that reduce obstacles to labour market participation, including enhanced childcare provision, and it includes measures to create employment, education and skills development opportunities for those who are not currently in work or training.

We expect to see the draft Scotland bill published tomorrow. Although we do not believe that the proposals contained in the bill will go far enough, they will be a step in the right direction and will enable us to add to our extensive efforts to break intergenerational cycles of poverty, inequality and deprivation.

The budget bill allocates £81 million to mitigate the most harmful impacts of the bedroom tax, and we will continue to work with stakeholders and partners to ensure that the costs of delivery are kept to a minimum in order to ensure that maximum support is provided to those who are most in need.

We will invest over £390 million to deliver affordable homes, of which 4,000 will be for social rent as well. We will deliver a £30 million help to buy Scotland small developers scheme to benefit small and medium-sized enterprise developers

and to increase the reach of the help to buy scheme.

We remain committed to eradicating fuel poverty in Scotland. I share the concern of the Economy, Energy and Tourism Committee that the delivery of the target will be increasingly challenging. The £94 million pounds of resources that have been allocated to domestic energy efficiency in 2015-16 will add to the hundreds of thousands of homes that are already warmer and cheaper to heat as a consequence of our investments to date.

Over the course of the spending review, we have had to make some difficult decisions in order to live within our budgets, and we have driven reform both to improve outcomes and to ensure that the public finances are sustainable. As part of that, we have had to exercise significant constraints on pay policy, but we will continue to target our pay policy at those on the lowest incomes within the tight budget constraints that we face through measures such as the Scottish living wage, and we will provide security to public sector workers through our policy of no compulsory redundancies.

Our approach to reform is about ensuring that we are able to protect public services in Scotland—services on which our people depend and in which they have confidence. It has enabled me to provide a fair settlement for local government in each year of the spending review while providing additional resources for new responsibilities.

Our approach has also enabled us to deliver, for the first time, an overall health budget of over £12 billion while exceeding our commitment to pass on consequential from health spending in England in every year since 2010-11. This morning I had the pleasure of visiting the Glasgow south hospitals to see at first hand examples of how the additional £380 million being provided to the health service in Scotland in 2015-16 is being allocated to front-line services. It is decisions such as those that go a long way to explain why voters believe this party is the most trusted to protect the national health service in Scotland.

A key part of our approach to public service reform is the need to deliver a preventative approach. I welcome the Finance Committee's focus on this area, and I will address the committee's conclusions. We are making sustained progress in delivering a shift of emphasis to prevention. That is why we have provided over £170 million to support further integration of health and social care services and have taken forward the three change funds that we set out in 2011.

The approach on provision of care at home has resulted in an increase in the support to those

citizens with the highest level of need, enabling individuals to remain in their homes for longer and with better support. Some 80 per cent of people receiving support at home now benefit from telecare, which increases the ability to deliver preventative services.

There are more than 400 individual improvement projects that, as part of our early years collaborative, are improving outcomes for children and families. Over 1,900 people each year have received personalised support from trained mentors through the reducing reoffending change fund, which is designed to help to reduce reoffending within our society.

The change funds, while important, do not represent the totality of the resources that we devote to prevention. We are aspiring to deliver a decisive shift, but we are also looking to address problems that surround the inequalities in our society that in some cases have existed for generations. The Scotland performs update that I published alongside the draft budget highlights examples of success in shifting to preventative interventions in Highland, Perth and Kinross, North Lanarkshire and Aberdeen City Council areas. I encourage colleagues to follow the detail that is set out in that information.

In the range of preventative interventions that we take forward, the examples may appear to be small, but the impacts on individual children and parents are significant, and they have the beneficial effect of reducing the long-term demand for public services and the challenges that we face in the current public expenditure climate as a consequence. The Government will continue to focus relentlessly on delivering that shift of emphasis to introduce more preventative interventions to guarantee the sustainability of public services in the years to come.

Over the coming weeks I will, as has been the case in all budget processes, work with colleagues from across the political spectrum to secure support for this budget. It is a budget based on the Government's aspiration to deliver the more prosperous and fairer Scotland that our citizens so clearly demand. It sets out the basis on which the Government believes that that can be achieved.

I move,

That the Parliament agrees to the general principles of the Budget (Scotland) (No.4) Bill.

14:55

Kenneth Gibson (Cunninghame North) (SNP): It is with pleasure that I speak on behalf of the Finance Committee in this stage 1 debate on the Scottish Government's budget bill for 2015-16 and on our draft budget report, which was published last week.

The scrutiny of the draft budget works to a tight and demanding schedule. As members will be aware, we approach budget scrutiny on the basis of four principles: affordability, the wider picture of revenue and expenditure and whether each is appropriately balanced; prioritisation, a coherent and appropriate division between sectors and programmes; value for money, the extent to which public bodies are spending their allocations well and achieving outcomes; and budget processes, the integration between public service planning and performance and financial management.

This year, we have focused our scrutiny on two of the principles: affordability and budget processes. We agreed before the summer recess that our main focus would be on affordability. In particular, we looked at Government proposals for the newly devolved taxes and at whether revenue and expenditure were appropriately balanced. We continued our commitment to scrutinising the preventative spend agenda by considering how public bodies work together to deliver services across Scotland.

We invited the subject committees to structure their scrutiny on the remaining principles of prioritisation and value for money. I thank those committees for their valuable input.

To support our scrutiny of the draft budget, the Finance Committee issued a call for evidence on the introduction of land and buildings transaction tax. We received 20 written submissions in response and took oral evidence from a range of witnesses during the autumn before taking evidence from the cabinet secretary on the Isle of Arran. As part of our Arran visit we held workshops with local businesses, voluntary organisations and public bodies. We heard first hand from them about the impact of public spending on their communities and how that spending should be prioritised.

I place on the record the committee's gratitude to all those who assisted in our consideration of the draft budget.

Turning first to affordability, the committee considered the need for a balanced budget. As the cabinet secretary has mentioned, the Government is responsible for raising the newly devolved taxes, which are land and buildings transaction tax and Scottish landfill tax, with effect from the 1 April.

The draft budget states that the proposed rates are intended to be revenue neutral and set out the forecast receipts for the two taxes in 2015-16. The committee scrutinised the robustness of those forecasts along with commentary published by the Scottish Fiscal Commission.

On the forecasts for residential transactions, the committee identified a number of ways in which

robustness and transparency could be improved. We recommended that a breakdown of expected receipts for each band is provided and published as part of future draft budgets; that the SFC produces an analysis of the behavioural response to the introduction of LBTT; and that, like the Office for Budget Responsibility, the Scottish Government should aim to produce five-year forecasts.

The committee noted the differences between forecasts made by the Scottish Government and the OBR for non-residential transactions. We recommended that updated figures relative to available outturn figures be provided alongside next year's draft budget. That recommendation was also made in respect of forecasts for revenues raised through Scottish landfill tax.

The committee also considered evidence in relation to the proposed LBTT rates and bands. The evidence was broadly supportive of the proposed structure of the tax as it then was. However, organisations such as Homes for Scotland and the Scottish Property Federation expressed concern that the rates might have a detrimental impact on those considering moving to larger residential properties, particularly those in property hotspots such as Aberdeen or Edinburgh. Proposals for alternative rates and bands were made to address those concerns.

As members are aware, changes to UK stamp duty land tax were announced in the chancellor's autumn statement. I listened with great interest to what the cabinet secretary said on the subject and look forward to hearing others' views later in the debate.

The committee expressed serious concern that a permanent agreement between the two Governments has not yet been reached on the block grant adjustment. The topic has been on the committee's radar for some time—years in fact—and we have previously taken evidence from both Governments on the subject. Indeed, we expressed concern in October 2013 about the lack of available detail, and we found then that

"there remains a considerable lack of transparency in relation to the adjustment of the block grant."

Almost 18 months on, our report on the draft budget stated that the committee

"finds it unacceptable that the Parliament is being asked to consider the Draft Budget without knowing what impact the block grant adjustment may have on the Government's spending proposals."

The committee considered that the adjustment must

"be agreed and fully explained to the Parliament prior to Stage 3 of the Budget Bill."

I am glad that some progress has been made and the figure of £494 million has been presented to us, but we would like further information in the run-up to stage 3.

Our report highlighted the need for greater transparency from both Governments and sufficient time for effective parliamentary scrutiny of adjustments to the block grant. We noted that both Governments have agreed that an interim adjustment will be put in place for 2015-16 only and we have made clear our disappointment at the lack of a long-term solution. However, as there is now no alternative, given the pressing deadlines for considering the draft budget, we recommended that there should be a reconciliation with outturn receipts.

The committee shared the cabinet secretary's concerns about the proposed inclusion of a "constraining factor", which would attempt to calculate what the devolved taxes would generate up to 2030 and adjust the block grant accordingly to ensure that neither Government was any better or worse off. The committee agreed that that would totally defeat the point of devolving the taxes. That concern and others that have been expressed about the slow pace of progress on the adjustment become even more important in light of the expected devolution of further fiscal powers following the deliberations of the Smith commission. We look forward to discussing that and related issues in our evidence session with the Chief Secretary to the Treasury next Wednesday.

We considered the preparation for the collection of devolved taxes in detail. The committee has taken a keen interest in the progress that has been made towards ensuring that Revenue Scotland and its partners are fully prepared for the devolved taxes going live, and we will continue to monitor that closely as we approach 1 April.

Regarding prioritisation, we invited the subject committees to consider whether there was a coherent and justifiable division between sectors and programmes. Audit Scotland said that a priority-based approach should focus on delivery of priority outcomes and allocation of money to services that make the greatest contribution to delivering those outcomes. For that reason, we recommend that subject committees continue to focus on prioritisation as part of their budget scrutiny. That should include the extent to which public bodies within their respective remits are adopting a priority-based budgeting approach.

A related subject is ensuring value for money in achieving outcomes that have been designated as Government and public agency priorities. The committee's consideration of last year's draft budget focused on the national performance framework. Our expectation is that public bodies

should be able to demonstrate how their aims, objectives and activities contribute to national outcomes. We heard in evidence from Audit Scotland that the NPF is a major step forward and that there is evidence of its impact in the alignment of resources and action across different parts of the public sector in certain policy areas.

However, Audit Scotland also considered that

"the Scottish Government needs to demonstrate a more systematic approach to implementing its outcomes approach by clarifying the links between longer-term outcomes, its priorities and performance measures across all policy areas."

The committee endorsed that view. We believed that there is much scope for the Parliament and its committees to use the data in Scotland performs to hold the Government and public bodies to account for the delivery of outcomes. On a related theme, we recommended that much greater emphasis be placed on examining the impact of spending on outcomes.

I wish to touch on the committee's continued scrutiny of the Government's commitment to

"a decisive shift towards prevention",

which is a subject that we have taken an interest in for several years now, and which the cabinet secretary touched on earlier. In addition to the previously announced funding for change funds, including those related to the early years, care for older people and reducing reoffending, the Government stated that community planning partnerships would play a "decisive role" in the shift towards prevention.

Nevertheless, we remain concerned by the lack of progress that has been made to date on driving public sector reform in that respect. We support the Government's intentions in seeking that "decisive shift" and we recognise that there has been progress, particularly in relation to integrated working. However, we expect to see significant progress over the next year. I am heartened by Mr Swinney's comments earlier today.

The committee also considered a variety of issues from the impact of welfare reform and fuel poverty to the Government's progress towards achieving its climate change targets and realising predicted savings through its police reform programme.

When we visited Arran, we heard about the impact of the lack of broadband connectivity on businesses in rural and island communities. We also heard about issues to do with the availability of affordable housing. The Government is well aware of the importance of those matters, which the relevant committees have addressed in greater detail in their reports. I am sure that

members will pick up on some of those themes later in the debate.

As I said, the committee's budget scrutiny focused on affordability, although we also sought to monitor progress in relation to preventative spending, prioritisation and value for money. I hope that I have succeeded in giving a flavour of the broad range of subjects that we considered. I look forward to the Scottish Government's response and to hearing members' speeches.

15:05

Jackie Baillie (Dumbarton) (Lab): I think that this is the first time that a woman has occupied the post of shadow finance secretary or finance secretary for any party since the Parliament's inception. *[Applause.]* If you hang around for long enough, it all comes to you in the end.

It is a privilege and a challenge to be asked to do this job. I am sure that John Swinney agrees that nothing is more important than the stewardship of the nation's finances, to ensure that we have the money to spend on our priorities.

Growing the economy, encouraging aspiration, tackling inequality and delivering social justice are all at the centre of our positive vision for Scotland. I want us to be ambitious for the country and for our people.

In that regard, I want people to have trust in their Parliament and their Government when we make financial and economic projections, irrespective of our parties, because we need to be serious about how we do that. Labour is proposing that we establish a Scottish office for budget responsibility—an independent watchdog that would scrutinise the budget and have oversight of economic and fiscal projections. That is more important than ever. Budget debates used to be all about how we would spend the money that the UK Government allocated; now and in future we will have the power to raise a substantial proportion ourselves. We will have new powers over taxation, welfare and job creation. We will have to balance the books, rather than concern ourselves only with one half of the balance sheet.

With that additional responsibility comes the need for better scrutiny, transparency and forecasting. The Finance Committee thinks so, respected economists think so, and the Smith commission thinks so.

I say with the greatest respect to the cabinet secretary that the Scottish Fiscal Commission is a pale imitation of what is required. I have enormous regard for the people who serve on the commission, but the truth is that they are not independent of Government. Two members are on the Government's Council of Economic Advisers.

It is not possible to both scrutinise and advise Government without there being a clear conflict of interest. The commission's remit is limited, the resources that are available to it amount to £20,000 and, although the cabinet secretary will tell us not to worry because the commission will evolve and be put on a statutory footing, there is no evidence of that and no bill in the legislative programme to do it.

What we want for Scotland is a powerful Scottish OBR, which draws from experience around the world. We should have no fear of transparency and scrutiny. The matter is urgent, because we need to build capacity in Scotland for an OBR that can provide an effective scrutiny mechanism from day 1.

The Scottish Government produced three oil and gas bulletins prior to the referendum. One bulletin was published with the heading "Oil Analysis shows boom years ahead" and suggested that the price could exceed \$150 a barrel. The white paper on independence suggested \$113 a barrel. The oil price is now consistently below \$50 a barrel.

That is the biggest threat to jobs in Scotland since Ravenscraig, and the loss of revenue would take £6 billion a year out of our finances—the equivalent of every doctor and nurse in our national health service. The Scottish Government did not see the threat coming. We need to be confident that what the Government is predicting is as accurate as it can be.

John Mason (Glasgow Shettleston) (SNP): Will the member give way?

Jackie Baillie: I will give way in a second.

A Scottish OBR is a modest measure, which will not cost a lot of money, but it is such a critically important bit of the infrastructure that we need to set it up now.

Labour thinks that we need to establish a resilience fund of at least £10 million in light of the crisis in North Sea oil and gas. That is not an oil fund, as some people would have members believe, but an emergency fund, to help areas that are affected by significant job loss.

I have been astonished by the Scottish National Party's glacial pace in reacting to the economic storm that is being caused by the falling oil price.

The Minister for Business, Energy and Tourism (Fergus Ewing): Will the member give way?

Mark McDonald (Aberdeen Donside) (SNP): Will the member give way?

Jackie Baillie: SNP members are not glacial in getting up now. *[Interruption.]*

The Deputy Presiding Officer (Elaine Smith): Order, please.

Jackie Baillie: I say genuinely to SNP members that everyone in the chamber owes it to the oil workers and their families across Scotland to strain every sinew to provide help.

I will make a couple of observations on land and buildings transaction tax. It is the first Scottish tax in 308 years, so this is a moment of record. Let me echo John Swinney's surprise for slightly different reasons. Having announced his intentions at the tail end of last year to make the tax fair and progressive, it took him just 100 days to change his mind. That must be the fastest U-turn in history. I feel for the SNP members of the Finance Committee who voted against the Tory proposal only to find now that the cabinet secretary had aligned himself with the Tories. That is, of course, something that they have been very comfortable doing in successive budgets since 2007.

Mark McDonald: I am curious as to whether Jackie Baillie has examined the proposal that Gavin Brown put forward in the Finance Committee versus what Mr Swinney has outlined if she is seriously trying to suggest that they are the same thing. Does she agree that what Mr Swinney has outlined is progressive taxation?

Jackie Baillie: I am very happy to look at the detail of John Swinney's proposal, which was, in fairness, outlined in his speech today. *[Interruption.]*

The Deputy Presiding Officer: Order, please.

Jackie Baillie: We will support anything that helps home owners and, indeed, the house building industry, so we will examine the detail of what John Swinney said today.

I do not remember the cabinet secretary mentioning this, but he used to tell us that local government got an increasing share of funding. He does not do so any more because it is not true. In 2010-11, local government received 38 per cent of the Scottish Government budget; I understand that the figure now is 32 per cent, which is 6 percentage points less. If local government were to achieve the same share, it would be in line for an extra £1.8 billion. Every single local authority in Scotland has had a real-terms cut. *[Interruption.]*

The Deputy Presiding Officer: Order, please.

Jackie Baillie: There are now 40,000 fewer public sector workers. The Joseph Rowntree Foundation tells us that local government spending in Scotland will have fallen by 24 per cent in real terms by 2015. That is the funding for our schools and social care. In Edinburgh, the council needs to make £67 million in cuts over the next three years and cuts of £22 million in the next year alone. It is talking about cutting 1,200 jobs. In

Glasgow, the figure is a staggering £29 million from the budget in one year alone. In Dundee, the council needs to make cuts of £30 million in the next three years, and it is talking about closing schools and cutting spending on textbooks. It is not alone; it is the same for East Renfrewshire Council, West Dunbartonshire Council and Renfrewshire Council. Such unpalatable decisions are affecting all local authorities, whatever their political complexion. This is, after all, about our children. Are we giving them the best start in life when we limit their opportunities in education?

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

Jackie Baillie: No.

Are we taking care of our older people when they are forced to cancel community alarms because they cannot afford to pay for them? *[Interruption.]*

The Deputy Presiding Officer: Order, please.

Jackie Baillie: I know that Mr Swinney and, indeed, the First Minister are shouting about the cuts that are visited on the Scottish Government by the Conservative and Liberal Democrat coalition. In part, they are right, but that is not the full picture.

Kevin Stewart: Will the member give way?

The Deputy Presiding Officer: Mr Stewart, Ms Baillie said that she was not giving way to you.

Jackie Baillie: The cuts that have been passed on to local government are not just austerity; they are austerity plus from the Edinburgh Government. In October, the cabinet secretary wrote to every council to tell them that the level of cuts that the Scottish Government had experienced since 2010-11 was 10 per cent, but he did not tell them that the scale of the cuts that he was passing on would be greater still. To use his own figures and analysis, the cut in Renfrewshire was 17 per cent and the cut in Edinburgh was 20 per cent. The cabinet secretary may shake his head, but that is what those local authorities are saying.

The Scottish Government has set up a commission to consider local government finance, which we welcome, but the changes will not happen until 2016. There is an urgent need now to act to protect our schools and care services. *[Interruption.]*

The Deputy Presiding Officer: Order, please, First Minister.

Jackie Baillie: The issue is too big to be resolved by the rough and tumble of debate in the chamber, but I ask the cabinet secretary to take the matter away and work with local government to see what he can do in the interim to alleviate the cuts.

The First Minister (Nicola Sturgeon): I have a simple question for Jackie Baillie. I am hearing that she wants to give more money to local government. Before she ends her speech, can she tell us what part of the Scottish Government budget she proposes to cut?

Jackie Baillie: I said that the issue is too big to be resolved—*[Interruption.]* It absolutely is.

The Deputy Presiding Officer: Order.

Jackie Baillie: We are talking about £1.8 billion of funding—*[Interruption.]*

The Deputy Presiding Officer: Order. Ms Baillie, please stop. Can I have order in the chamber, please? Ms Baillie, I will recompense you—*[Interruption.]* Order. Ms Baillie, please sit down for a moment. Can we have order in the chamber, please? Ms Baillie, I will now give you another minute to finish your speech, because of all the interruptions.

Jackie Baillie: Thank you, Presiding Officer.

I say to the First Minister and the Deputy First Minister that the scale of the cut in local government is so significant that a solution is not achieved by the rough and tumble of debate in the chamber. It is about taking the issue away and looking at it in partnership with local government. We stand ready to help in that process but, unfortunately, it does not seem that the Government cares—*[Interruption.]*

The Deputy Presiding Officer: Order, Mr Bibby.

Jackie Baillie: —about funding local government to provide those front-line services.

I will spend my remaining time focusing on health, because the pressure on our NHS is obvious this winter. The Cabinet Secretary for Health, Wellbeing and Sport agreed to put £100 million into the NHS over the next three years to deal with delayed discharge. That is welcome, but the Scottish Government must recognise that it is a drop in the ocean. There are other pressing issues in the care sector that ministers will be aware of. Levels of unmet need are rising. We fund crisis rather than funding prevention so, although I hope that the money makes a difference, I fear that we will need to return to a debate about social care soon.

Equally, the problems in our NHS are not caused just by delays—

The Deputy Presiding Officer: Ms Baillie, you must conclude.

Jackie Baillie: —in getting people out of the back door of hospitals; there are serious pressures on the front line too. Thousands of Scots are waiting too long at accident and emergency or are

having planned operations cancelled at the last minute because of a lack of beds. It makes no sense to have unused capacity in our NHS, so today we are calling for another £100 million in the coming year—

The Deputy Presiding Officer: Please conclude, Ms Baillie.

Jackie Baillie: The remaining Barnett consequential could establish a front-line fund to increase the capacity of NHS services to operate seven days a week. In conclusion, Presiding Officer, that means extending capacity to build planned surgery—

The Deputy Presiding Officer: I am sorry, Ms Baillie, but you really must close.

Jackie Baillie: It is my final sentence. We need planned surgery at the weekends and diagnostics in the evening, to free up beds so that people can be seen more quickly. Every day brings new stories about the pressure on our NHS. Our staff, who dedicate their careers—

The Deputy Presiding Officer: Please finish, Ms Baillie.

Jackie Baillie: —to saving lives, are overshadowed and underresourced. They need a front-line fund—

The Deputy Presiding Officer: Ms Baillie, I am sorry. You must sit down.

Jackie Baillie: —to support staff and to support patients.

15:17

Gavin Brown (Lothian) (Con): I guess that the Deputy First Minister must be licking his lips at this stage, because getting the Labour Party on board to support his budget will be fairly easy. All that he has to do is rename the fiscal commission the Scottish OBR, and suddenly he has 40 votes in the bag. He will have to work a little harder to get the Conservatives' full support, and I can say categorically—to spare Mark McDonald's blushes—that the proposal that I put to the Finance Committee is slightly different from the proposal that the Deputy First Minister made today.

In all sincerity, I praise some of the actions that the Deputy First Minister has taken so far, because he has been particularly accessible in the past couple of weeks and has been in listening mode. I know that, while he has been speaking to other parties, he has also engaged with stakeholders and has tried carefully to take the temperature on the ground in relation to the residential rates of the land and buildings transaction tax. I shall praise elements of his proposal before outlining areas where I still have

concerns and want to work with the Scottish Government to make progress before stage 3.

First, the Deputy First Minister ought to be applauded for coming to Parliament today with an early announcement. It is fairly typical in the budget process of almost every Parliament to wait until the final stage to pull a rabbit out of the hat to generate some news and make something happen at stage 3. I urged him—and I know that others did too—to say something earlier and to try to ameliorate the position because of the displacement that was happening and the forestalling that we know was projected by a number of agencies. The fact that he agreed to make an announcement today should be welcomed and applauded.

Secondly, I welcome the fact that, in relation to the rates that he proposed in October, what the Deputy First Minister proposes now is a tax cut. If my maths is correct, the figures that he gave Malcolm Chisholm show a reduction in the region of £64 million, which means £64 million less in tax in April than would have been the case if the Deputy First Minister had not made changes. As a Conservative, I welcome that.

John Swinney: In the interests of completeness, does Gavin Brown accept that I gave the firm commitment to Parliament and the Finance Committee that the introduction of the tax would be revenue neutral for the changes that the UK Government applied? The issue for me has been to remain true to that commitment to revenue neutrality as the driver of the sum of money that was to be raised through taxation.

Gavin Brown: When I referred to a tax cut, I meant one relative to the rates in October; I was not trying to paint the change as an overall tax cut. The Deputy First Minister's exact wording was:

"I have decided that the taxes raised should be revenue neutral, raising no more or less than the taxes that they replace."—[*Official Report*, 9 October 2014; c 39.]

That is what he said on day 1 and has said on most occasions since then. It is a matter of public record that that is what he said.

We welcome the increased threshold. We called for it to be increased to £140,000 and it has been increased further than that—to £145,000—which will make buying easier for first-time buyers. The final thing that we welcome is the 5 per cent rate. The tax does not go immediately from 2 to 10 per cent; it is more gradual—it goes from 2 to 5 per cent and then to 10 per cent.

For all those reasons, I am happy to praise publicly the actions taken, but we still have concerns, which I hope that we can tackle and make progress on in the coming weeks. We will consider the changes carefully. I intend not to make snap judgments but to review the numbers

and engage with experts and stakeholders, as I have done over the couple of months since the rates were announced.

I have some concern that we still have a sharp increase: a jump to 10 per cent at a lower level than in the rest of the UK. The tax rises to the 10 per cent rate at £325,000, which at first blush still strikes me as a particularly low point at which to move up to 10 per cent.

We acknowledge the Scottish Government's point that the housing market in London is different from that in Scotland but, at the UK level, the tax does not go up to 10 per cent until £925,000. In our proposal, we capped the 5 per cent rate at £500,000 to try to recognise the difference. I am a bit concerned that the tax goes up to 10 per cent at £325,000. That is better than it going up to 10 per cent at £250,000, but we will work hard to make progress on that.

It is still a tax on aspiration, although to a lesser degree than it would have been. The crossover point is a little higher than it was in October, but there is still scope to push it up further, not just to help people to get the family home of their choice but because of the impact that that could have on the market. There is still the possibility for distortions to occur. If the £325,000 to £500,000 segment of the market is penalised, that does not have an impact just on that segment; there are reverberations around the housing market and there could be a wider economic impact.

I get to give our closing speech today, so I will come on to various points then. On revenue neutrality, the number of sales required in the modelling that I have seen is about 84,000, whereas the Scottish Government predicts 100,000. I wonder whether the Scottish Government has been slightly conservative in its estimates and whether it could get to revenue neutrality with further changes to the tax rates and bands, which we will push for over the next couple of weeks. I will leave it there.

The Deputy Presiding Officer: Because we are incredibly tight for time, speeches will be a maximum of six minutes.

15:23

Mark McDonald (Aberdeen Donside) (SNP): I welcome the strong economic performance that the cabinet secretary outlined, with employment at record levels and the lowest unemployment rate in the UK. I also welcome the Scottish Government's continued support for agencies such as Skills Development Scotland, Scottish Enterprise, Scottish Development International and the Scottish Council for Development and Industry, many of which deliver excellent work and support for organisations and people in my constituency in

north-east Scotland. Last year, I held a jobs fair in my constituency at which SDS provided a workshop on CV writing and interview skills, which helped a number of my constituents from an area of Aberdeen in which—although the city's economy has been buoyant—there have been particular issues with getting people into employment. That was despite the local Labour Party objecting to SDS having any involvement in the process.

Those agencies' role in the north-east has been in sharp focus in recent months because of the ongoing issues affecting the oil and gas sector. I welcome the Scottish Government's establishment of the energy jobs task force, which recognises that intervention is needed to ensure that those who face redundancy or potential redundancy get support, alongside the work that the partnership action for continuing employment—PACE—teams will do in the area.

That underlines the point that the key interventions that are needed in the area must come from Westminster. Alongside the endorsement of the Scottish Government's budget today and the impact that it will have in supporting the work in north-east Scotland, we must be clear and unite in calling for fiscal intervention from Westminster where it is required, whether that is through a reduction in the supplementary charge, the introduction of an investment allowance for marginal fields or tax credits for exploration. That could boost exploration activity and ensure that, when the price recovery happens, as experts predict it will, the industry is in the most advantageous position to capitalise on it.

I would have a degree more sympathy for the positions that some politicians have outlined if they first acknowledged that they campaigned for the UK to remain responsible for the oil and gas sector and to have control of the fiscal regime in the North Sea and then pointed in that direction in calling for the key interventions that are required. We have heard again today talk of a resilience fund. At least a rough figure has now been stuck to it, but we still do not understand exactly where the funding is supposed to come from and nor do we understand who it is supposed to be given to directly, how it would be disbursed or what purpose it would serve.

It will be of great interest to the many communities across Scotland that have undergone economic shock in recent times that it is only now and in specific circumstances that the Labour Party has decided to call for a resilience fund.

Lewis Macdonald (North East Scotland) (Lab): I recognise the point that the member makes about working out the detail, but does he at least acknowledge the value of the principle of an intervention fund for industries that suffer sudden

shocks to the system, as has happened to the oil and gas industry in Aberdeen, and will he call on his ministerial colleagues to endorse that principle?

Mark McDonald: Until I understand exactly what the fund is to be used for and where it is to be directed, it is difficult for me to say anything about the broad principle of such a fund. Having a pot of money is all well and good, but it needs to be targeted. The Scottish Government's intervention to establish a jobs task force is right, because it has been established with a defined purpose to support individuals and companies for which redundancies are arising or have the potential to arise.

Fergus Ewing: Is Mr McDonald aware that, during the 13 years of the Labour Party's period as the United Kingdom Government, successive Labour Governments received in total in taxation from oil not £10 million but £93,000 million and that not one penny was set aside for Scotland, whether in a resilience fund or an oil fund?

Mark McDonald: I absolutely acknowledge that. Anybody who has cast a cursory glance over the letters pages of *The Press and Journal* in recent weeks will have seen that people in the north-east are not being hoodwinked.

Jackie Baillie said that she would be interested to look at the detail of the cabinet secretary's announcement on tax. To compare what was proposed at the Finance Committee and what the cabinet secretary has announced, she had to do only two things. One was to read the annex to the Finance Committee report, which outlines what Gavin Brown proposed, and the other was to write down what the cabinet secretary announced on the bandings. I would not have thought that that would be a stretch for her.

If Jackie Baillie had done that, she would have found that the threshold up to which people will not pay tax has been increased, which will help more first-time buyers, and that the upper threshold for the 5 per cent rate has been reduced from the £500,000 that Gavin Brown proposed to £325,000, as the cabinet secretary outlined, which will ensure that those who buy properties at the higher end of the market pay a fair share of taxation on those purchases. She can put out her pre-prepared lines if she wants, but she should at least take cognisance of what has happened in the debate before she does so.

I will have to be brief, because I took two interventions. On adjustment to the block grant, we need to learn lessons from what the UK Government has dragged its heels on. That applies to future taxation and to late announcements—an issue that has been

highlighted by, for example, Professor David Heald.

The Deputy Presiding Officer: I am afraid that you must finish, Mr McDonald.

Mark McDonald: While we have to consult and announce our proposals early, the Treasury and the chancellor have the ability to pull the rug out. The chancellor attempted to do that with stamp duty and it could happen again in relation to income tax and assignation of VAT.

The Deputy Presiding Officer: Mr McDonald, we have no time.

Mark McDonald: We have to ensure that there is a fair financial playing field when it comes to devolved taxation in the future.

The Deputy Presiding Officer: I warn members that, if they take interventions, they must do so in their own time. We have no extra time.

15:30

Jenny Marra (North East Scotland) (Lab): We know that there is a crisis in our accident and emergency departments in Scotland. We need only to open a newspaper to see exactly how bad things are. Over Christmas, we heard reports from across the country of the pressures on our NHS. The Victoria infirmary in Glasgow used a portakabin for casualty patient overflow. A man waited on a trolley in A and E for more than 20 hours at the Royal Alexandra hospital in Paisley. Ninewells hospital in Dundee admitted to delaying treatment because it was too busy and, in Aberdeen, the Royal infirmary had to cancel 80 operations in the first week of 2015. Yesterday, Raigmore hospital closed a ward.

We are seeing a similar strain on our other front-line services. Last weekend, a surgical ward at the Southern general hospital in Glasgow was left without heating or hot water for more than three days. Nurses were working in their coats and patients were sleeping with scarves and hats on, in Dickensian conditions. I am sure that the cabinet secretary will agree that having no hot running water on a surgical ward is unacceptable. The Scottish Government promised to invest in real terms in our front-line care—in helping those to the fore of our NHS—but still patients have to cope with unacceptable conditions and staff have to deal with a lot of pressure.

Yesterday provided further evidence that the Scottish Government is running to catch up when it comes to the NHS. The Cabinet Secretary for Health, Wellbeing and Sport showed a tacit disregard for all members in the chamber when she chose to go to the press before declaring a new piece of policy to the Parliament. However, perhaps she did not think that coming to the

chamber was necessary because, as with the £65 million that was announced following the Christmas A and E crisis, the £100 million to tackle delayed discharges was simply a reannouncement of funds that were already allocated to health.

The Minister for Parliamentary Business (Joe FitzPatrick): Can the member tell us whether this is new money or a reannouncement of money? What is her view? She cannot have it both ways.

Jenny Marra: My understanding of the Government announcement yesterday is that there is £30 million of Barnett consequentials and then £35 million, and £35 million the following year, from the Scottish Government budget. I do not know whether that clarifies the minister's own Government policy for him, but I am sure that he will let me know if it does not.

We know that there is just £30 million this year—a fact that was downplayed in yesterday's Government announcement. It took the cabinet secretary seven weeks to decide where the allocated health consequentials were to go, although she claims to know what the problems are in the NHS and she claims that tackling delayed discharge has been her top priority since coming into the job. That is seven weeks of planning time—an element that is crucial in helping our NHS and our local authorities to tackle delayed discharge and to plan as the integrated boards come into being on 1 April.

We will go into more detail on the NHS tomorrow, during the Government's debate on its 2020 vision for health. However, as Jackie Baillie said today, Labour is calling on the Scottish Government to deliver a front-line fund for our NHS. The Scottish Government keeps reannouncing health consequentials, but we would like it to put Barnett consequentials into health and social care, because health and wellbeing are crucial to communities across Scotland.

Mark McDonald: Will the member give way?

Jenny Marra: I will just finish this point and then I will come to the member.

That means not just the currently unallocated £29 million from health but the £71 million of general consequentials, too. An NHS front-line fund would allow hospitals facing extra pressure to move to a seven-days-a-week operation. That would mean that hospitals could better deliver care, with planned surgery at the weekend and diagnostics in the evenings.

The Government has said that it will plan and run a 24/7 service, and it has put pilots in place, but I do not believe that it has made any progress on that in the past couple of years. Time is running out, and there is severe pressure on our NHS, which is why we are calling today for action.

Mark McDonald: I understand from Jim Murphy's comments that the resilience fund to which front-bench Labour members have referred would come from non-health consequential. Jenny Marra appears to suggest that all consequential, including non-health consequential, should go towards that front-line fund. I seek some clarity on that.

Jenny Marra: No—I said that £71 million of general consequential should be allocated to the front-line fund.

Giving £100 million to a front-line fund would free up beds and ensure that patients receive a quicker diagnosis and better care. We would tackle patient flow through our hospitals. We are calling for that because A and E departments are having to put out calls for untrained volunteers to help with the waiting time crisis. The winter crisis in the NHS is becoming an everyday crisis for the people of Scotland. Everyone, from Audit Scotland to the Royal College of Nursing, is telling us that our NHS needs that investment.

The Government and the Opposition have correctly identified delayed discharge as the biggest challenge in our health service. That money is needed to inject more movement, improve patient flow and free up evening and weekend capacity in our hospitals, which will bring about the modern health service that the Scottish people expect. I hope that the cabinet secretary will consider that proposal for his budget.

15:36

Linda Fabiani (East Kilbride) (SNP): What has always been distinctive about the budgets that have been put forward by John Swinney—and by the SNP Government—is that they are cohesive and look at the overall picture, and propose actions for a purpose. The Government draws up its budgets with partners, where appropriate, whether they are businesses or trade unions. The budgets are based on three main strands: making Scotland a more prosperous country, tackling inequality and protecting and reforming public services.

Again, John Swinney has come forward at this stage of the budget process with a cohesive budget. Unfortunately, the main Opposition party has not been able to rise to the challenge and say, "Okay—we think that there are other things that could be done to bring about fairness and equity in our society." As always, Opposition members look for something that they perceive to be a political weakness, then harp on about it.

With regard to Jackie Baillie's speech I say that it takes some brass neck for a Labour politician to accuse others of making overoptimistic fiscal forecasts. Gordon Brown managed to get his

borrowing predictions wrong by more than £400 billion and during Labour's time in office the national debt almost trebled.

Jenny Marra: Does Linda Fabiani agree that it is a good idea to free up capacity on evenings and weekends in our hospitals in order to improve patient flow?

Linda Fabiani: I have total confidence in the ability of the Scottish Government's health team to look at the health service in the round, to work with its partners and to come up with the best possible solution. It is not about picking things out of a hat to get a headline on the front of the newspaper.

We have a good baseline from which to start on our pledge to make Scotland a more prosperous country. Scotland's economy is on track this year to record its strongest performance since 2007, and we are leading the way with the highest employment and economic activity rates and lowest unemployment rate among all the nations in the UK. In addition, business start-ups in Scotland are at a record high.

Some credit must be given to the Deputy First Minister for managing that in spite of what the Institute for Fiscal Studies has described as spending cuts "on a colossal scale". The OBR has noted that, under the coalition Government's plans, total public spending would fall to 35.2 per cent of GDP by 2019-20, to what would be its lowest level in about 80 years.

There are many quotations from many respected agencies. For me, the most telling quotation comes from Ed Miliband who—backed up by his troops marching through the lobby to vote for the Tories' austerity cuts—confirmed that the Labour Party, too, is wedded to austerity.

Jackie Baillie: Labour and Tory spending plans are very different. Does Linda Fabiani know that the Institute for Fiscal Studies shows that Labour's plan is to spend more or tax less than the Tories to the tune of £43 billion? That is before additional revenue streams from the mansion tax and the increase to the top rate of income tax. Is not what she just said more spin than substance?

Linda Fabiani: The Westminster MP in my constituency clearly does not understand what he did last week. I had thought that the Labour Party in Scotland would understand the implications of that vote. Is Jackie Baillie aware that it also endorsed George Osborne's welfare spending cap?

Tackling inequality is a real priority for the Government because, in common with many economists throughout the world, we believe that equality and cohesion are good for growth as well as for individuals. The ability to share that growth is important. That is why the Scottish Government

has taken the steps that it has taken in relation to the Council of Economic Advisers and poverty impact assessments of all its policies.

We are doing what we can to mitigate Westminster's welfare cuts, with more than £100 million having been committed to that in 2015-16. However, preventative spend is the real issue. Kenny Gibson talked about it as convener of the Finance Committee, but in the previous parliamentary session, when Malcolm Chisholm and I were members of that committee, we did studies about the importance of preventative spending, especially in the younger years. It is a long-term issue. We cannot change such matters overnight.

If we can do one thing for Scotland—even if we cannot agree on its constitutional future or the powers that we should have—it is surely to agree that the important thing is to make Scotland a fairer, better and more prosperous country. Businesses are coming on board with that, and trade unions have always believed it and are working well with the Scottish Government towards that end. Surely the Labour Party in particular—with a history in what used to be a movement—can recognise that in the longer term our country does not need political sniping, but needs us to work together and to agree certain principles on which we can all move forward, regardless of other arguments about the constitution or the results of elections. That is what is important.

We talk about the new politics in Scotland. That is what people expect. An awful lot of people who used to value the Labour Party expect it too.

15:42

Willie Rennie (Mid Scotland and Fife) (LD): The Deputy First Minister knows that Liberal Democrats take a constructive and realistic approach to the budget process. We have voted twice for his budgets and voted against on only one occasion. That is not because we thought that each of the budgets for which we voted was perfect. They were not perfect by any means but they were good enough for our support.

The first time round, we supported the budget because we got extra money for our colleges and house building. The second time round, we voted for the budget because we got an expansion of nursery education for two-year-olds and free school meals—things that we had advocated prior to that. When we did not achieve what we wanted to achieve with our realistic and costed demands, we voted against, but we have done that only once. That will be our approach this year again.

I hope that we will have constructive discussions with the Deputy First Minister, as we have in

previous years. We understand the strains and know the financial pressures. We know that the demographic time bomb that we all thought was somewhere in the distance is here now and is impacting directly on our public services. We understand the impact of poverty not only on the individuals whom it affects directly, but on the public finances. If individuals do not contribute to the economy, we cannot raise the taxes that help to pay for our public services.

We also have the additional challenge of climate change. We are all trying to grapple with that and ensure that we invest enough in the right areas.

Those three are considerable pressures, so we understand the pressures that the Deputy First Minister faces in trying to get the budget to balance. If there had been a different vote last September and Scotland had become independent, he would have an additional pressure of £7 billion this year because of the drop in the value of oil revenues.

We know the pressures and we do not need any additional pressures. I am grateful that we have the United Kingdom to maintain the investment in public services that we have grown used to in Scotland.

All that is possible because we have managed to get the economy back on track and we are getting the country working again. We have 168,000 more jobs in Scotland than we had when the UK Government came into power in 2010. That is based on a plan that SNP and Labour members said would not work. Because we have got the economy back on track—although there is still more work to be done—we also have additional Barnett consequentials, which we have to choose how to allocate. For the remainder of my speech, I will deal with what we would like to see in the budget this year.

Fergus Ewing: Danny Alexander has suggested that most of, if not all, the Barnett consequentials should be spent on upgrading the A9 and the A96. Is that Liberal Democrat policy in Scotland?

Willie Rennie: We fully support capital spend on the upgrade of the A9. Despite making repeated promises, the Scottish Government has been backward at progressing that project, and we would like to see it accelerated, certainly on the capital side. However, today, I will talk primarily about the revenue side, which the bulk of additional Barnett consequentials will provide for.

First, we know that the national health service is under extraordinary pressure; we heard from Jenny Marra earlier about some of the pressures. I argue that the SNP took its eye off the ball during the referendum. Cancer waiting times have been missed, accident and emergency departments

have been pushed to the limit and there are insufficient funds to prevent the latest charges. I welcome some of the announcements in recent days to try to address some of that, but we also need to ensure that we get the right priority for mental health as well, because that is often the poor relation in the NHS. We have additional funds from the Barnett consequential, which we would like to be invested in the health service to deal with those particular difficulties.

Our second priority concerns childcare, which the Deputy First Minister has heard me discuss in previous debates. Last year, we made some progress, and we now have 15 per cent of two-year-olds getting 15 hours of nursery education every week. That figure will rise to 27 per cent in August. However, in England, the figure is at 40 per cent. I would like Scotland to catch up with that level, for the very reasons that Linda Fabiani talked about in relation to ensuring that that early intervention can make a real change in the lives of children, especially those from impoverished backgrounds. That is the best education investment that we can make, and that is why we advocate it.

It is with a degree of trepidation that I discuss the next item, which is student loans. It is a brave area for any Liberal Democrat to venture into these days. However, if it is the right policy to advocate, I will certainly do so.

The Deputy Presiding Officer: You are in your final minute.

Willie Rennie: We advocated that there should be no tuition fees in Scotland. We know that there is a difference south of the border in terms of Government policy, but that is what we argued for. Now, we also want the threshold for the repayment of student loans to be raised. In Scotland it is £16,910 and in England it is £21,000. We want that gap to be closed. We understand that the resource accounting and budgeting charge was underspent in the past year, and we want the flexibility that that would create to be used to raise the threshold to £21,000. We think that that would benefit Scottish students, and so it is something that we support.

The Deputy Presiding Officer: I am afraid that you must conclude, or else I will have to drop the last speaker from the debate.

Willie Rennie: We advocate general care, the NHS and ensuring that people with student loans get that extra support. We will work with the Deputy First Minister on those issues.

15:49

Michael Russell (Argyll and Bute) (SNP): I welcome the opportunity to speak in the debate. I

think that we are all pleased to be members of the first Scottish Parliament since 1706 to set national rates of taxation.

I commend John Swinney's announcement today. As ever, he has been fleet of foot. He has listened and he has adapted and he has done so in the light of changes that were made elsewhere for whatever motivation—we do not know what that motivation might have been—and in the light of constant insecurity regarding what may or may not come from the UK Treasury in the block grant, and he has delivered. Good for him. I have to say shame on others, in particular Jackie Baillie, for all the posturing that we have heard today.

The difficulties that have arisen as a result of what has happened elsewhere should give us pause for thought. The Deputy First Minister has had to contend with a problem that was created by the fact that he has at his disposal—and we, as Scotland's Parliament, have at our disposal—only a small fraction of the full wealth and potential of this nation. Even after the Smith commission, if its recommendations are ever implemented in full, we will still have at our disposal only a minority of all the resources of the nation, which we should be applying to the betterment of our fellow citizens. Until that situation changes, any Administration will face big challenges in setting tax rates, because it will be able to apply and utilise only a small number of the essential tools.

When John Swinney announced his intentions in October 2014, he talked about the principles that he was guided by—not just revenue neutrality, but Adam Smith's four maxims. It is useful to look at those. At the centre of them is the principle of fairness in taxation, which has been enunciated through the ages and which Smith expressed by saying:

"The subjects of every state ought to contribute towards the support of the government, as nearly as possible, in proportion to their respective abilities".

Smith had another important view of taxation, which was also given in "The Wealth of Nations". It says:

"The tax which each individual is bound to pay ought to be certain, and not arbitrary. The time of payment, the manner of payment, the quantity to be paid, ought all to be clear and plain to the contributor, and to every other person."

Therein lies Parliament's difficulty. Although we now have control over the rates of a limited number of taxes, we do not have control over all of them, and without that control we cannot command the circumstances in which certainty, manner and quantity are all made "clear and plain".

The Irish nationalist and mystic, George William Russell—no relation—observed that there is what

he called a “fundamental proposition” that states that

“whoever controls the taxation and trade policy of a country controls its destiny and the entire character of its civilization.”

He said that in the context of the struggle for Irish independence; we might put it in less dramatic terms today.

In reality, however, Scotland cannot be a normal country with a normal system of taxation if the control of so much of it and of our spending power lies outwith the country. That has been demonstrated more than adequately by two events in the past week. Austerity is devastating our communities and it is devastating individuals in Scotland. It was made in Westminster by Tory, Liberal and—shamefully—Labour hands, and we can do nothing about it.

The renewal of Trident, which is being done by the same people, is another moral and economic tragedy that has been foisted upon us in the same way. In Russell’s terms, the “entire character” of our country is being skewed and distorted by financial and other decisions that are not made here.

I am a strong supporter of the position that Gwynfor Evans took on devolution of powers: when people are starving, they should not be refused even half a loaf. However, the problem of consuming endless half loaves is that people do not get a balanced diet. In taxation terms, if we have control of only a small part of the taxation mix, the decisions that we make on how to utilise that small part are always compromised by what we cannot do. Moreover, it will always be second-guessed, disrupted and, sometimes, deliberately undermined by those who control the greater part of taxation. We have seen that already.

John Swinney’s principles were, and are, right. His decisions were, and are, right. There is no doubt about that. He has fulfilled his original objectives. However, nothing currently in the system will allow anything to be easier for him or his successors in the future.

The Smith commission proposals are piecemeal and will allow the same problems to recur; indeed, there is an argument that they will encourage more meddling by Westminster, as we have seen from the Treasury’s admissions this week. That is a graphic example of Winnie Ewing’s maxim: it is another case of Britannia not ruling the waves but waiving the rules.

The only sensible solution is full fiscal autonomy. Independence is, of course, my preference and that of others, but we could have full fiscal autonomy and we would be able to solve the problem. Full fiscal powers would allow full decision making on all the range of taxation that a

Government chose to utilise. It would be fair and it would arise from need and from clear plans and ambitions. It would fulfil the first and second maxims of Adam Smith. It would be “certain, and not arbitrary.” Everything would be known because everything would be decided here in Scotland’s Parliament, and not elsewhere.

That is what happens everywhere else—it is the normal thing to do. How odd it is to be in this chamber, where the Opposition parties constantly espouse the abnormal, the arbitrary, the unclear and the least effective solution. Perhaps that is why they are—and will, according to all the opinion polls, remain—Opposition parties.

15:54

Malcolm Chisholm (Edinburgh Northern and Leith) (Lab): This budget debate is marked by the first-ever tax-setting proposals by a Scottish Government, by the Finance Committee’s very useful commentary and by serious, clear and strictly prioritised choices from the Labour Party. I will deal with those three issues in reverse order.

One of the most important suggestions that was made by Jackie Baillie was about setting up an office for budget responsibility. I note that the proposal was rubbished a few days ago, but not so much in today’s debate—perhaps because people realised that the Finance Committee itself had recommended that

“the Scottish Government should consider the option of inviting the SFC to produce the official macro-economic and fiscal forecasts for Scotland”.

Of course, those are the key distinguishing features of the Office for Budget Responsibility. The suggestion was supported a few days ago by the very distinguished economist Angus Armstrong and also by David Bell, who told the committee that

“A Scottish forecasting body would help ensure ... a critical mass of independent economic analysis ... in Scotland.”

The proposal has very high-level backing, and the Scottish Government should certainly take it more seriously than it did a few days ago.

Labour’s choices, which come in two parts, are strictly prioritised and clear; in fact, the choices have never been as clear and prioritised as they are today. Contrary to the Twitter storm about Jackie Baillie contradicting something that she said about the oil fund, the £10 million resilience fund is not an oil fund. They are completely different funds; the resilience fund is an emergency fund to help areas that are affected by job losses. Again, I hope that the proposal will command the support of the whole Parliament.

Fergus Ewing: Mr Chisholm always argues from principle, so on a point of principle, why is it

that—given that the UK has for four decades been the recipient of all the £300,000 million of tax revenue—Scotland with its fixed budget for fixed functions, which do not include oil or energy, should have all the liability for setting up that fund?

Malcolm Chisholm: I think that Mr Ewing will find that Ed Miliband, Ed Balls and, indeed, Jim Murphy were calling for a great contribution from the UK Government as well—indeed, for a contribution far beyond the £10 million for a resilience fund.

As far as our prioritisation is concerned, the biggest announcement today was that the rest of the consequential should go to health and social care. Yesterday, we had the botched announcement on delayed discharge; not only was it botched in terms of procedure but—as Jenny Marra eloquently reminded us last night and today—it was also delayed. That is regrettable, given the problems that we have had in the health service over the past two months. That said, we certainly welcome the money—indeed, we need it. As we know, the number of bed days that are occupied by delayed discharge patients has been going up dramatically; I think that it has gone up by more than 30 per cent in the past two years. The trend is all in the wrong direction, so the money is certainly welcome.

The other significant announcement from Labour today was about hospital capacity. Although we recognise that we have to build up capacity in the community, we cannot ignore hospitals. What Labour was announcing today was money that could implement what is actually Scottish Government policy. The Government has been talking about diagnostics being done in the evening and surgery being done at the weekends, but it has no hope of implementing those policies without extra resources.

As for setting taxes, this is clearly an historic occasion. However, despite John Swinney's boast that the Conservatives had copied his announcements two months ago, we can say that he has at least partly returned the favour today by raising the same amount of money from the land and buildings transaction tax as will be raised from the equivalent tax in England. That said, I accept and welcome the fact that the land and buildings transaction tax is more progressive. The affordability issue was dealt with extensively in the Finance Committee's budget report, and Kenny Gibson has covered it well.

I want to move on to perhaps the central and most interesting part of the Finance Committee's report, which relates to preventative spend. Linda Fabiani rightly praised the committee's intentions in that respect, and we should recognise the contribution that it has made over two Parliaments to driving the agenda forward. John Swinney said

that there had been sustained progress on the preventative approach, and he talked about the £170 million for the integration fund and then about the change funds.

However, that in a way illustrates the problem that we have, because the Finance Committee has said that we must try to emphasise the impact of spending on outcomes. There, of course, we have a problem, because the Finance Committee said:

"As is outlined below in relation to each of the Change Funds and the role of CPPs, there is little evidence of the essential shift in resources taking place to support a preventative approach."

John Swinney said that there had been an increase in support for those with the highest level of need who receive care at home, but Audit Scotland said that

"There is little evidence of progress in moving money to community-based services",

and it identified that there had been a decline in the amount of money that was being put into home care for older people. It is clear that a massive challenge is faced in delivering the preventative care agenda, and I think that the Finance Committee has done us a favour in emphasising that.

The Finance Committee also highlighted prioritisation, and its report includes on pages 22 and 23 a very interesting quotation on health from Andrew Walker. Politicians are always reluctant to prioritise—they want to spend money on everything—but today the cabinet secretary will not hear that we intend to spend money on 10 different things over and above what the Government will spend it on. I know that John Swinney likes to end his budget speeches by saying that this Labour member said this and that Labour member said that, but today we are all saying that money should be spent on the resilience fund and, most of all, on health and social care.

16:01

John Mason (Glasgow Shettleston) (SNP): It is worth restating at the start some of the Scottish Government's positive successes, which we have now become used to but which not all parties have always supported. The freezing of the council tax for the eighth year is certainly helping some of my struggling constituents, and the absence of prescription charges means that there is no demeaning means testing. The free bus travel that is being provided for the over-60s improves mental and physical health, and the fact that there is free personal and nursing care removes the worry that many people have about older age.

We would all like to spend more money on something. For example, Shelter, the Chartered Institute of Housing in Scotland and the Scottish Federation of Housing Associations would like more to be spent on housing; many of us would like that to happen, too. Scottish Care would like higher fees to be charged for care homes so that the staff could be paid the living wage. Again, many of us would like that, too.

However, we need to emphasise that money can be spent only once. If Opposition members want to say that we should spend more on health and less on education, they are perfectly entitled to do so. However, despite what Malcolm Chisholm said, quite a few different spending desires have been mentioned and the Opposition will not be taken seriously if it says that we should spend more on health, education and local government while refusing to tell us where the money should come from.

Jackie Baillie: Will the member take an intervention?

John Mason: Not just now—I will take one later.

The Equal Opportunities Committee, of which I am a member, focused on age transitions, especially those that are made by young people who cross the adult age frontier and older people who move into retirement, in which they might have more care needs. As a member of the committee I might be biased, but I commend the Equal Opportunities Committee for not simplistically just asking for more money but instead—for example, in relation to employment services—asking the Government to review the balance between funding for urban areas and funding for rural areas. That is a very balanced approach.

Preventative spending remains a real focus for the Finance Committee and, I hope, the whole Parliament. Paragraph 201 of the committee's report, which Malcolm Chisholm quoted, talks about that. We need to focus on long-term outcomes and not get too bogged down in the number of nurses in A and E. Ideally, over time we should require less A and E provision and, presumably, fewer A and E nurses. That would allow more nurses to do preventative work in the community. The Royal College of Nursing is keen that we emphasise sustainability, and I am more than happy to endorse that.

Of course, the NHS will change as we go forward—I think that we will debate that tomorrow—and there will probably be more emphasis on prevention, but part of the process will involve politicians of all parties taking a long-term view rather than just measuring what is easy to measure in the short term.

I have said this before, but I say it again: taxes are a good thing. Most obviously, we cannot have public services if we do not have taxes. Taxes pay for much of our education, health, housing and transport, as well as our defence systems. Of course no one wants higher taxes for the sake of it, but no one should say that lower taxes are a good thing per se. Taxes also help us to narrow the gap between the richest and the poorest in terms of income and wealth. There is no sign of that being done voluntarily, so taxation is the obvious way to do it.

The budget that we are discussing is the first for our two new taxes. I welcome the arrival of LBTT and the landfill tax; I especially welcome the more progressive nature of the former. However, there have been some problems along the way, including the fact that, whereas our budget was set out in considerable detail and lengthy consultation and input were allowed, the changes that were made at Westminster were subsequently announced at a few hours' notice with no consultation and no input.

That puts the Scottish Parliament and the Scottish Government in the impossible situation of having to announce figures while not knowing what the UK figures will be and then having to react at short notice. That is a fundamental flaw in the devolution settlement, and the more taxes we control, the more likely it is to occur.

Of course, the answer is for Westminster to give up its theatrical style of setting its budget and to set out its overall plans before the devolved Parliaments set theirs, so that we can tweak the UK system for our own situations. However, I am not holding my breath to see whether that happens.

All that has put John Swinney in an impossible situation. Having committed to revenue neutrality—which I agree with—something has had to give, as neutrality with the previous Westminster position would be portrayed as a tax increase in Scotland, while neutrality with Westminster's new position could be seen by some as a tax cut, at a time when public expenditure is seriously squeezed. We have heard today that the Deputy First Minister has chosen the latter and passed on the full tax reduction.

I will take an intervention now, if Jackie Baillie still wants to intervene, but I am not sure that it was on this subject.

Jackie Baillie: It was on an earlier subject. As we have in fact outlined during the course of my speech, and as others have covered, the NHS front-line fund and the resilience fund would both be funded through autumn consequentials.

The Deputy Presiding Officer: You are in your last minute now, Mr Mason.

John Mason: I am not sure whether we heard how local government was to get extra money, but there we go.

Another problem with the whole system has been the problem with the block grant adjustment. That was meant to be agreed long ago and was meant to be a solid system that would last for years. Such a system is in place for the Scottish rate of income tax from 2016, but it is still not in place for those relatively small taxes. The Finance Committee has become increasingly frustrated at the slow rate of progress; we are having to make do with a one-off adjustment for 2015-16.

The whole point of devolving a tax is that we in Scotland make our own decisions and live by the consequences, for better or for worse. Yet it has seemed that Westminster wants to design a system whereby Scotland could never win, however well we manage things ourselves. It is a real concern for the Finance Committee, looking ahead to future years, if that level of Westminster thrawnness continues.

In conclusion, many of us would like to see higher expenditure on a range of subjects, but we have to live within our means—something that Westminster has regularly failed to do. John Swinney is to be commended for his success in managing our finances.

16:07

Murdo Fraser (Mid Scotland and Fife) (Con): The Deputy First Minister started his speech this afternoon with his usual summary of the economic situation. He was right to say that there is good news. There is an old saying that success has many fathers. In this chamber we have got used to the tussle between Mr Swinney, trying to claim credit for the economic successes, and representatives of the coalition parties, on this occasion represented by Mr Rennie, trying to state that it was all down to decisions taken in Westminster, where most of the macroeconomic levers are held.

However, Mr Swinney was a little bit partial in his quoting of today's statistics. We saw two new economic indicators published today, one of which was the unemployment figure. Mr Swinney is right to say that the level of unemployment is still lower in Scotland than in the UK as a whole, but unemployment in Scotland went up 7,000 in the period from September to November. We also saw the economic growth figure published, and although the rate of economic growth in Scotland is still rising—it is 0.6 per cent—it is now lower than the figures for the two previous quarters and, for the first time in 2014 statistics, it is lower than the figure for the rest of the UK.

Those two economic indicators for the third quarter of 2014 suggest that we are not doing as well as we were or as well as the rest of the UK. What event happened—uniquely in Scotland—in the third quarter of 2014 that may have had that economic impact? We have, incidentally, seen the same economic impact on retail figures, house prices and economic confidence among small businesses. Perhaps, in trying to claim credit for successes, the Deputy First Minister needs to reflect on the fact that the referendum, which was his party's initiative, may not have been entirely beneficial to the Scottish economy.

Mark McDonald: I am interested in the point that the member raises. Aberdeen and Grampian chamber of commerce has said that its members say that the referendum did not have a significant impact on their businesses. Is the member just engaging in the usual idle speculation and scaremongering that have become associated with the Scottish Conservatives?

Murdo Fraser: Mr McDonald occasionally makes a living as a stand-up comic, and that was about par for the course. I was simply quoting some interesting statistics that show that, against historic trends in which we have been matching or exceeding the UK's performance, in the third quarter of 2014—uniquely—the trends went in the opposite direction. I would have thought that, were the member concerned about those trends, he would be reflecting on the events that took place in the third quarter of 2014 that had an impact only in Scotland and not elsewhere in the United Kingdom.

As a number of members have pointed out, with the setting of new tax rates, this budget is of historic significance. I welcome that. This is what a grown-up Parliament should be like, where we are debating not just how we spend the money but how the money is raised and how the tax rates are set. I look forward to the Smith commission proposals being implemented so that we can have a much more rounded discussion on the setting of tax rates.

We need to put the budget into context otherwise the SNP will continually complain about Westminster cuts. I was in the chamber yesterday when Alex Neil said that Westminster had slashed to ribbons the Scottish Government's budget. The reality is that the 2015-16 budget is, in real terms, the second highest budget that the Scottish Government has ever had to deal with. According to SPICe, the only budget that was higher in real terms than the budget that Mr Swinney is dealing with today was the 2009-10 budget. In each of the past 16 years, with that exception, the budget was lower. That does not exactly represent the savage cuts or the slashing to ribbons of the budget,

which are phrases that we sometimes hear from those on the SNP benches.

There never seems to be any shortage of money when it comes to the Scottish Government's preferred projects, whether that is the extra money that it announced yesterday for health—incidentally, it is playing catch-up on the position taken by the UK Government—or, for that matter, the £10 million that was produced as if by magic for the V&A project in Dundee. There is no great sign of a cash shortage.

When it comes to taxation, the LBTT changes that were previously announced by Mr Swinney would have hit many aspirational families hard. For example, anyone buying a house costing more than £254,000 would have paid more. My colleague Gavin Brown previously proposed an amendment that would have helped every house buyer in Scotland and which would have been fully funded following the chancellor's stamp duty cut, handing the Scottish Government an extra £64 million a year. We welcome the changes that Mr Swinney announced today. I listened with interest to the detail and I will take away the proposals and look at them. Gavin Brown was entirely right to say that they merited a cautious welcome.

Mr Swinney is always talking about the competitive rates regime that we have in Scotland for business. We welcome that, too. We strongly supported the small business bonus scheme. However, we are not so keen on some of the more recent developments, whether that is the empty property relief or the phasing out of the retail levy. We have not seen the Scottish Government mirror the changes down south to give an additional bonus to retail premises. We are also seeing the proposed introduction of rates, all on the sporting interests, to take £7 million a year out of the rural economy. We may have a competitive advantage, but I regret that it is being watered down.

This is not the budget that the Scottish Conservatives would have set out, but aspects of it are welcome. We will be happy to see it proceed to the next stage to allow further discussions.

The Deputy Presiding Officer (John Scott): Many thanks for finishing timeously. We are very tight for time. I ask for speeches of up to five and a half minutes. We will be writing to some members as well.

16:13

Sandra White (Glasgow Kelvin) (SNP): I will try to keep within the five-and-half minutes timescale; perhaps I will be even quicker than that.

I thank the cabinet secretary, John Swinney, for his contribution to and his expert handling of the Scottish budget, which will make Scotland a fairer

and a much more just society, despite the austerity measures that are being pursued by the Westminster Government. I must say to the Scottish Labour Party members here that their colleagues joined the Tories at Westminster to vote for £30 billion-worth of austerity cuts. In yesterday's debate, I said that that was a rather sad state of affairs.

I will concentrate my remarks on a number of specific areas: health; justice—if I have time; and preventative spend, which is absolutely the way forward. Not only members of the Finance Committee, including Kenny Gibson and Malcolm Chisholm, but various other members cited the committee's report. I will do that, too.

I quote the Finance Committee's report because we should all look at what it says and agree. Paragraph 200 says:

"The Cabinet Secretary accepts 'that preventative spending remains a work in progress, but it is work that the Government and public authorities have to deliver, because it is the key to the sustainability of public services.'"

Public authorities are an important part of this. The cabinet secretary may be frustrated, but things are not moving quickly enough. However, the Government is pushing forward with reform, and in paragraph 201 the Finance Committee comes back and says:

"the Committee continues to be supportive of the Government in seeking a decisive shift to prevention and recognises that some progress has been made especially in relation to integrated working."

That is important. The reason why I raise it and why I mentioned public authorities is that local authorities have a huge part to play in preventative spend and joint spending. We must remember that, and I am sure that we will take it up with our local authorities.

I welcome the cabinet secretary's commitment to preventative spend and the change funds for early intervention and tackling reoffending. Preventative spending initiatives will receive funding of about £500 million, and £100 million will be made available to health and social care partnerships to support the integration of health and social care. It is not just my view as an MSP but, I honestly believe, the view of local authorities, councillors and the public at large that that cannot come soon enough to ensure that we deliver that joined-up thinking.

In my area, we have been blocking simply because we do not have that joined-up, integrated funding of social care and health. I have raised that with Greater Glasgow and Clyde NHS Board and I am sure that other members have raised similar issues with the health boards and councils in their areas. I look forward to that funding coming to fruition.

Under this Government, total health expenditure is increasing in real terms to £12 billion in 2015-16, regardless of what others have said, and the Scottish Government has announced an extra £100 million to help with delayed discharge. That is welcome, and I am glad that Malcolm Chisholm welcomes it—I think that he is the only member on the Labour benches who said that.

I want to ask the Labour Party where the extra £100 million was coming from, because I remember the debate that we had last week. On top of the 1,000 extra nurses that the Scottish Government was putting forward, Labour was putting forward another 1,000 nurses, but we never found out where it would get the money from. I am sure that Jackie Baillie will correct me if I am wrong, but my understanding—

Jackie Baillie: We did, in fact, set out clearly that it would come from the proceeds of the mansion tax. That would fund the additional 1,000 nurses.

Sandra White: Actually, that was not the question that I was asking. Labour did not really set it out. It became a kind of bidding war. We promised 1,000 and then the Labour Party came in with an extra 1,000 on top of ours. If we had promised 50, it would have put forward another 50. The question that I was asking—I said that I would stand to be corrected—was where the £100 million was coming from. I recollect that Jackie Baillie mentioned something about autumn consequentials, but I would like confirmation. I look forward to getting confirmation on that point, because the policy of 1,000 extra nurses in the debate last week came from Jim Murphy. They were pulled out of the air all of a sudden. I just want to clarify that it is not another creeping Westminster policy or Jim Murphy policy coming into the Scottish Parliament.

The Deputy Presiding Officer: You have 20 seconds remaining.

Sandra White: If we could get that clarification in writing, I would like that.

I wanted to touch on various other areas, but I know that we are tight for time. The budget will bring a fairer society here in Scotland and I thank the cabinet secretary very much for it.

16:18

Alex Rowley (Cowdenbeath) (Lab): I say to Sandra White that the 1,000 extra nurses is a Scottish Labour Party policy and it is one that we absolutely need. We need those nurses to go into our national health service.

The impact is not just about the shortage of nurses and the cuts to beds in our hospitals. I do not know whether members saw the article in *The*

Sunday Times on 18 January that said that the number of negligence claims in the NHS in Scotland is increasing. An article in the *Fife Free Press* today drew my attention to the massive increase in the number of negligence claims against NHS Fife; we are talking about litigation claims amounting to £17 million. Let me put that in perspective. I welcomed the announcement the other day of £100 million to tackle bed blocking, as I welcome any money that is intended to address the crisis in the NHS, but over three years NHS Fife's share of the money will be £6.73 million, at a time when it faces litigation claims amounting to £17 million.

We need preventative action and we need more nurses, which is why the Labour Party in Scotland is committed to putting more nurses in.

John Swinney rightly said that the economy in Scotland is doing well, and I agree with him that that is something to celebrate. However, the problem with his budget is that I see in it no strategy for spreading the benefits across the whole economy. It seems to me that there is no clear strategy, although there is a lot of rhetoric about addressing inequality and tackling poverty and deprivation, as there has been in this debate. I cannot see how the budget will tackle inequality, poverty and deprivation across Scotland.

For example, this year local authorities face a real-terms cash cut, at a time when they face major pressures. Councils, whatever their political administrations, will face deep cuts that hurt communities throughout Scotland. We need to address that as part of a wider strategy, but such a strategy is lacking in the budget.

Unemployment has fallen, which should be celebrated, but there are still far too many people out there who are not getting opportunities. We must be more ambitious. It is not about increasing benefits and getting more people on benefits. People need to be able to get jobs and skills. They need opportunities. The budget lacks a strategy in that regard.

The Government has downsized the number of social rented houses that it wants to build. Mr Swinney talked about investing £390 million to build homes, including 4,000 social rented houses, but Shelter Scotland estimates that we need to build 10,000 houses for rent per year if we are to begin to tackle the housing crisis.

We need a strategy that works with local government. I am not arguing that all the money must necessarily come through the Government; there are pension funds and other opportunities. There seems to have been a failure to work with local government to develop a strategy.

The Deputy First Minister talked about the work that goes into prevention. What analysis has been

done to show how much of the money that has gone into the change funds has been used by local authorities to offset the cuts that they face?

I point out to the finance secretary that, right across Scottish local government, the council tax freeze has not been resourced to the correct level. There has been a bad deal for local government, and Jackie Baillie was right to say that it will not be addressed in one budget.

We need a clear and coherent strategy for tackling inequality and ensuring that the wealth of this country is spread throughout Scotland. The budget fails to provide that.

16:24

Patrick Harvie (Glasgow) (Green): I do not think that anyone should disagree that Scottish budgets have been set in a tough context for the past few years or that any finance minister in power at present, whatever their political party, would have a difficult job to do. An austerity agenda is being imposed by the UK Government and there is no sign of a let-up from any of the UK political parties, whatever the result of this year's election. There are limits to what any Scottish Government can do.

At the same time, there have been concerns that we are not yet acting as much as we could within those limits. I mention the constraints on the ability of local authorities to make decisions of their own on the amount of revenue that they need to raise, and I cite the long-standing opposition to the continuing real-terms pay cuts, which members will be aware of tomorrow if they choose to cross the Public and Commercial Services union picket lines and come into Parliament. I understand why that opposition began when the austerity agenda kicked in, but we have seen transfers from revenue to capital, and that money could have funded an inflation-level increase in the public pay packet. It has not done that.

We have also seen repeated failures on the unanimously agreed climate change targets. Year after year, parliamentary committee reports on the budget, like the one in my hand, say that it is unclear how much funding is attached to the climate change agenda. That problem has continued.

On the changes to the land and buildings transaction tax, I will look closely at the detail of what has been announced today. I supported the initial rates that were proposed in October and I remain a wee bit concerned. I worry that, if the decision effectively repeats or replicates a tax cut programme from the UK Government, that is a bad precedent to set in the context of the future devolved tax powers that we will have.

I think that Mr Swinney said that, under the changes that have been announced today, only people who buy a property of £940,000 or more than that would pay more than they would under the October rates. If that is the case, a substantial part of the tax revenue reduction is being handed back to people at the extreme end of the property market.

John Swinney: I will make one point to Patrick Harvie. The key consideration for me has been the question of the commitment that I gave to Parliament on revenue neutrality. That is what drove my decision. I would not want Patrick Harvie to interpret the decision as being that we commit ourselves in all circumstances to replicate whatever is done within the United Kingdom.

Patrick Harvie: I guess that the question is: neutrality compared to what—the situation when the initial proposals were made or the situation as it will be after UK changes?

Let us be clear: before we get the wider taxation powers, there is no path through UK austerity without either handing on cuts to the public services that people depend on or raising taxation on those who can afford to pay it. People who are on very high incomes, such as us in the chamber, can afford to pay it. Let us hear no nonsense about a tax on aspiration. Nobody is taxed for aspiring to own great wealth; people should be taxed for actually owning great wealth or having very high incomes. That is a feature of a decent society.

On the additional issues that we have sought to raise with the Deputy First Minister, there will be no great surprise about our returning to the theme of energy efficiency. We have done that over many years. Although the Deputy First Minister mentioned in his speech the figure of £94 million, if I remember rightly, it is clear from the WWF submission that it has recently called for at least £125 million a year. It said:

“Given previous under-funding, we now think substantially more will be needed.”

Greater progress is required if we are going to get anywhere close to our targets on fuel poverty or climate change.

We have also raised the issue of unconventional gas and fracking. Whatever position we take on that issue in Scotland and on whether that industry should have a role in Scotland, it is clear that unless the UK Government halts the current licensing round—we will call on it to do that—local authorities may find themselves under pressure to deal with very many complex, novel and challenging planning applications.

If we want local authorities to be in a position to defend Scotland and its people against

unwelcome developments of that nature, we need to resource them properly. Such an approach was taken in relation to wind farms—additional resources were made available—and we think that the same should happen in relation to unconventional gas.

The Deputy Presiding Officer: You should draw to a close, please.

Patrick Harvie: I will be brief.

We have also raised issues to do with sustainable transport, air pollution hotspots in particular, and our on-going interest in the wave and tidal sector.

We look forward to seeing progress being made on all those issues. If it is, we will be able to vote in favour of the bill at stage 3. We will not oppose it tonight.

16:29

Mike MacKenzie (Highlands and Islands) (SNP): John Maynard Keynes was once the hero of the Labour Party, but even Churchill was a grudging admirer of that great English economist. He once said that whenever he asked three economists for an opinion he invariably got four answers—two from Mr Keynes. That seemed to perplex Churchill, but it points to an essential quality of the good economist—the capacity to understand the sometimes counterintuitive nature of economics. That goes hand in hand with understanding that economics is not a zero-sum game, which in turn is a vital part of understanding wealth creation.

The link between public finances and the economics of wealth creation is a fascinating one, and one that Mr Swinney understands perfectly. To date, there has been no greater wisdom on the subject than that provided by Mr Keynes. However, as things stand, the finances of present-day Scotland have been a zero-sum game. The all-important feedback loop that rewards good economic stewardship by increasing the taxation take has been missing, and that is the key fact missed from the unionist parties' perspective.

It took an economist of Mr Keynes's stature to reveal the often counterintuitive nature of economics and to develop his countercyclical wisdom for Governments, and it is the difficulty of that concept and lack of public understanding of counterintuitive economics that the unionist parties often rely on. That is why they are so united in persevering with their failing austerity agenda.

All the more credit is therefore due to the Deputy First Minister and Cabinet Secretary for Finance, Constitution and Economy, not only for delivering a balanced budget year on year but for doing so within that constraint, following the

wisdom of Keynes and proving it in practice. Keynes's advice was that countercyclical Government spending should concentrate on infrastructure and capital spending. That was the medicine that he prescribed for the ailing economy, and it works.

It is notable that the Scottish economy has outperformed the UK economy—as Murdo Fraser acknowledged—across the whole range of indices since Mr Swinney first put those principles into practice, compared with the 30 preceding years, when it underperformed compared with the UK economy.

It is well known that the multiplier effect enhances the effect of capital spending on infrastructure significantly. It is well known that infrastructure spending creates new jobs and supports existing jobs. It is well known that those effects spread throughout the supply chain and keep on spreading.

What is sometimes not appreciated is how the improved infrastructure in itself helps to improve our long-term economic performance, our productivity and our competitiveness. That is why I am so pleased to see the budget setting out our plans for a further £1 billion extension to the non-profit-distributing pipeline of infrastructure projects. That is why I am so pleased to see projects such as the Forth replacement crossing being delivered so successfully and under budget, as well as projects such as the new south Glasgow hospitals and the ambitious schools for the future building programme, which is investing £1.8 billion in 91 new schools by March 2018. A new school recently opened in Kirkwall, and new schools are planned for Lerwick and Oban, and such projects support jobs across the Highlands and Islands and across Scotland.

That is why I am so pleased about the budget delivering an extra £125 million for housing, bringing this year's expenditure for housing to £390 million, and that is why I am pleased that we are on target to fulfil our manifesto commitment of delivering 30,000 affordable new homes. That is why I am so impressed that Mr Swinney has been able to deliver such projects against the backdrop of a 26 per cent cut to our capital budget—a very unwise cut.

The Scottish public have had an education as they have observed those enlightened policies in action. They now have an enhanced understanding of the nature of economics and the part that public finances play in that. No longer will the Opposition parties be able to continue pulling the wool over the public's eyes; no longer will they swallow medicine that is killing and not curing the patient; and no longer will they believe the zero-sum myth of austerity economics.

Mr Swinney is due great credit, not just for delivering a wise and balanced budget once again but because he has followed such wisdom in the knowledge that it is the best stewardship of Scotland's economy.

16:35

Gavin Brown: Even John Swinney would blush a little at the praise that Mike MacKenzie heaped on him at the end of that speech.

In my opening remarks, I focused exclusively on the land and buildings transactions tax and I made the key points that we wanted to make. In closing, I will focus on some of the issues that have come through in the debate and a couple of points that I hope that the cabinet secretary can either answer in his closing speech or reflect and provide information on in the coming days and weeks.

As is standard in a budget speech, the cabinet secretary began with an assessment of the economy as a whole. The picture is good: there is a lot of good news out there on employment, unemployment, growth and youth employment. The cabinet secretary was right to point out that, although the unemployment rate in the UK is almost identical to that in Scotland, the rate is marginally lower in Scotland, which ought to be welcomed.

However, there should be a word of caution. Murdo Fraser picked up on the issue and gave his own reason for why he thought the figures were as they were, but it is unusual to see decreasing unemployment in the UK and increasing unemployment in Scotland in the same quarter. It does happen occasionally and it is difficult to read too much into one quarter's statistics, but the fact that between September and November there was a 58,000 decrease across the UK as a whole and a 7,000 increase in Scotland should be noted. That might just be one quarter's results and the issue might disappear when we get the next figures, but we must keep a careful eye on it. If it becomes a trend, the Government will need to take note and do something about it. However, that was just one quarter.

We heard a little bit about housing today; Mike MacKenzie touched on it laterally in his speech. My question on housing is simply for detail and information from the cabinet secretary. When he gave his draft budget to Parliament, he talked about £125 million of funding for housing this year, over and above the amount for the previous financial year. As far as I am aware, £30 million was announced a couple of weeks later and a scheme for how that money will be spent was set up. It is perfectly possible that I have missed some of them, but I am struggling to find the Government's plans for the other £95 million.

When I speak to stakeholders in the industry, they tell me that there is an appetite to find out more of the detail. If the cabinet secretary is in a position to provide any further particulars today, I and those stakeholders would welcome them.

Murdo Fraser touched on business rates. Once again I say that we still support the small business bonus. It is one of the best policies that this Government has ever come up with and one that I want to see continued for as long as possible. In our manifesto we had a commitment to legislate for it so that it would exist broadly in perpetuity. There do not seem to be any risks to it at this stage and the Government seems fully to be committed, which is to be welcomed.

As Murdo Fraser alluded to, over the past three or four years we have slowly but surely lost some of our competitive advantage with regard to number of business rates measures. The big advantage that we had on empty property rates narrowed. The retail levy was regrettable; although it is coming to an end, it set back certain parts of industry. The UK Government's bonus for retail properties, for which there was about £29 million of consequential, has not been passed on in the current financial year and there are no proposals—and no commitment—to follow up on it in the coming financial year. Although properties in Scotland at the lower end of the scale do very well with the small business bonus, the bonus for retail properties is aimed at all retail properties below a rateable value of £50,000. There are some businesses in Scotland that could benefit from that. Perhaps it is time to do something on business rates.

The final issue that I want to touch on is preventative spending, which a number of speakers have cleverly touched on. As far as I am aware, every political party in the Parliament buys into preventative spending and supports it, and we can all see the benefits. Three years ago during the spending review, when the cabinet secretary announced that there was to be a huge focus on preventative spending with £500 million over the course of three years and a "decisive shift", everybody welcomed that.

Now that those three years are almost at an end and the Finance Committee has spent two years looking at the issue, it is time to take stock and listen carefully to what the committee had to say in its report on the budget. All members of the committee reiterated our support for preventative spending and recognised that progress has been made. However, paragraph 201 states:

"As is outlined below in relation to each of the Change Funds and the role of CPPs, there is little evidence of the essential shift in resources taking place to support a preventative approach."

The cabinet secretary is right that it is not just those funds that are preventative spend, but they are an important slice. It is also correct to say that preventative spending does not have an effect overnight and that it sometimes takes five or 10 years or even longer. However, after three years and a spend of £500 million or thereabouts, we ought to be able to talk about some of the outcomes and see what some of that money has achieved and some of the “decisive shift” that ought to have taken place. I ask the Government to reflect on that so that we do not have a similar report from the Finance Committee in 12 months.

16:41

Lewis Macdonald (North East Scotland) (Lab): Another year, another budget, but we can truly say that 2015 is a year like no other. The first new national taxes set in Scotland since the act of union will come into force this year and the first phase in the devolution of income tax will come into play next year, with a lot of work still to do. Tomorrow, we will have the first draft of the next Scotland act, which will take forward the next phase of income tax devolution and much more besides.

The stage could hardly be better set for the current Scottish Government to show how it would use increased powers if it had the opportunity to do so. However, the story of the budget will not be about John Swinney boldly delivering a distinctive Scottish agenda; instead, it will be about how the Deputy First Minister changed his tune on tax policy, apparently not in response to the views of Scottish taxpayers but in response to changes elsewhere that were brought in by a Tory chancellor.

It is one thing to claim that the Scottish Government is constrained in what it can do because powers are reserved to Westminster, but it is more surprising to hear that ministers will use their new tax powers to stay in step with the UK Government rather than setting a bold new course of their own. Gavin Brown and Murdo Fraser of course offered a welcome from the Tory benches for the changes that Mr Swinney has made, which certainly speaks for itself.

Mark McDonald: The member's colleague Malcolm Chisholm said that he thought that the changes that the cabinet secretary has made will mean that the tax is progressive. Does the Labour Party support or oppose the system that the cabinet secretary has outlined?

Lewis Macdonald: That is an interesting point. Mr Swinney said in October that his policy would be driven by the maxim that taxes should be proportionate to the ability to pay, and he repeated that point today. He said:

“In exercising its first judgments on national taxes, this Government has put fairness, equity and the ability to pay at the heart of what it has done. That is the benefit of putting decisions about Scotland's future in Scotland's hands.”—[*Official Report*, 9 October 2014; c 40.]

However, the change today will cut by half the proposed level of tax on properties that are worth a quarter of a million pounds. That will of course be welcome to those taxpayers, but it is hardly proportionate to the ability to pay and it hardly seems to be making Scottish decisions in the Scottish Parliament. Mr Swinney could have made many other choices without missing his target of remaining revenue neutral. The changes that he has chosen to make to his original proposals are telling.

The question of how to decide on devolved taxes is not just about this year's budget. The challenge for the Scottish Government on the transfer of tax powers is surely not just to be revenue neutral. If ministers want to make full use of new powers, as they say they do, they will have to make tough decisions. As Patrick Harvie said, that will only get harder from now on. John Swinney signed the Smith agreement, as did Mr Harvie, so he knows better than most just how tough it will be in future for Scotland's devolved Government to avoid taking responsibility for tough decisions.

The Minister for Transport and Islands (Derek Mackay): I do not think that Mr Macdonald answered the previous question. Can he explain exactly what the Labour Party's position is on the rates that have been proposed for land and buildings transaction tax?

Lewis Macdonald: Mr Mackay will recall that, like members of his party, Labour members voted in favour of Mr Swinney's original proposals, or at least we voted against the Conservative amendments to them. That is where we start from. In the process of further budget discussions, we will be very interested to hear how the Government explains the social equity and justice that lie behind its proposals.

We know that the more decisions on taxation are taken at Holyrood in future, the more future Scottish Governments will have to balance the competing interests of different voters and different taxpayers. That will mean making decisions that some people will not like. If the Scottish National Party has to think again about the first tough decision on raising taxes, the Scottish Labour Party will lay out an alternative direction for both the Scottish Government and the Government of the UK.

We want more front-line funding for health, of course, as has been said today. Perhaps there at least we can find common ground on how best to use Barnett consequential. We also want a

mansion tax on the most expensive properties across the United Kingdom to pay for 1,000 extra nurses in Scotland and to boost the NHS. We want a resilience fund for the Scottish economy, to help when particular sectors in particular places face a severe short-term challenge from workplace closures or job losses. That is within the remit of the Scottish Government and its stewardship of the Scottish economy. A budget of £10 million, as we have suggested, would be enough to allow for meaningful interventions, yet apparently ministers do not want to do that because they do not think that they should be responsible for saving jobs in the oil industry. *[Interruption.]* I will of course be very interested in hearing from Mr Ewing if he wants to intervene. I heard his point that, as the UK Government had had the benefit of tax revenues, why on earth would the Scottish Government want to pay for economic intervention to protect oil industry jobs?

Fergus Ewing: Can we cast aside partisan politics and agree that what the industry needs above all is the tax action on the basis of the measures that I set out in my statement to Parliament? Will the Labour Party specifically support those measures?

Lewis Macdonald: As I am sure that Fergus Ewing will know from Ed Balls's visit to Aberdeen yesterday, the Labour Party has made clear its support for major fiscal changes to support the oil industry. We have yet to hear from the Scottish Government what resource it will put into its responsibility of stewarding the Scottish economy in light of the falls in the price of oil. We also need real action on energy prices. Introducing a cap is the kind of action that a Labour chancellor would take at the earliest opportunity.

When it comes to using the Scottish Parliament's new powers over income tax, decisions will have to be made that will not be popular with every voter. However, I am hopeful that—although we may not agree on all those issues—the Scottish Government will support our proposals for a Scottish office for budget responsibility. John Swinney signed up to the wise words of the Smith agreement that

"the Scottish Parliament should seek to expand and strengthen the independent scrutiny of Scotland's public finances in recognition of the additional variability and uncertainty that further tax and spending devolution will introduce into the budgeting process."

Scottish Labour's proposal of a Scottish OBR offers the chance to achieve just that.

A fiscal commission with a limited remit, no matter the eminence of those whom Mr Swinney appoints, will not meet the letter or the spirit of the Smith agreement. That will take a truly independent body with scope to assess economic policies in advance and to make the link between

raising revenues and spending them. That, of course, is also recommended in the Finance Committee report. The Scottish Government will be responsible not just for making decisions about raising taxes but for the complex business of balancing the books while adjustments are made to the block grant in view of the new circumstances. That will all require new levels of expertise and scrutiny.

Here we are, entering a new era for the Scottish Parliament for the raising and spending of revenues in Scotland. What we need now is not just a Government that responds to Tory tricks from Westminster but a Government that sets out a bold agenda of its own. Perhaps, indeed, the only way to deliver the letter and the spirit of the Smith agreement is to have a Scottish Government that believes in it; then we can really make devolution work.

16:49

John Swinney: Mr Macdonald said that the Scottish Parliament is entering a new era, and it certainly is. I have sat in this place for nearly eight years now, dealing with the budget bills, and today is the first time that Michael Russell has contributed to a budget debate. It was worth the eight-year wait, because we heard from him—in that familiar magisterial style to which we have become accustomed—a thoughtful and substantive analysis of the tax approach that the Government has taken based on the principles set out by Adam Smith. Mr Russell set out his analysis eloquently, and placed the Government's approach in the context of the challenges that we will face in exercising the wider responsibilities that we will acquire as a result of the Smith commission proposals and the subsequent expansion of the Parliament's financial powers.

Mr Russell made the point that significant constraints will remain on what the Scottish Government is able to achieve, even with the powers that will be deployed as a result of the Smith process, given that wider powers will remain reserved to the United Kingdom. That observation must underpin our analysis of all the budget questions.

During the debate, a number of members from other political parties set out the propositions that they will advance in the budget negotiations. I take the opportunity at the outset of the spring budget revision process to reiterate what I said in my letter to the spokespeople from the Opposition parties: that I will, along with the Minister for Parliamentary Business, take part in good faith in dialogue on the budget.

Patrick Harvie spoke about the necessity of ensuring that local authorities are properly

resourced to consider, assess and take decisions on applications for fracking or other unconventional energy schemes, and I am sympathetic to that point. He also raised points about energy efficiency and sustainable travel, which the Government will consider seriously.

Willie Rennie made points about health and childcare, on which the Government will of course engage. On his point about student loans, I say to him that the Government is already considering issues with regard to the threshold. However, some of the mechanisms for undertaking any changes require Treasury consent as they would affect the annually managed expenditure budgets, over which I have no control. Although I may think that the changes are a good idea, I would have to persuade some Liberals in the Treasury to give their consent. Willie Rennie will know to whom I am referring.

I will, of course, engage in discussion with the Conservatives and the Labour Party on the budget, as I have done already. I will say a bit more on some of the priorities that we have heard about so far.

A number of points have been made on the importance of preventative interventions. Sandra White and Linda Fabiani made strong contributions on prevention, as did Gavin Brown in his closing remarks. The convener of the Finance Committee outlined the committee's long-standing work on advancing that area of policy, which the Government welcomes.

I will make two points at this stage. First, we all support the shift towards prevention, but I think that we accept that these things take time and will not be delivered overnight. We need to set out clearly to the committees of the Parliament the progress that is being made on prevention. Secondly, we must accept the centrality of preventative interventions to budget sustainability in the long term. The Government views the shift to prevention as critical in dealing with the financial challenges that we will face as a result of the interaction between diminishing public expenditure and our country's demography, as we need to ensure that quality public services are delivered effectively.

I will say a few words about land and buildings transaction tax and the changes that I have announced today. First, I encourage Parliament to get beyond the somewhat pathetic posturing in the debate. In October, I set out to Parliament the principle that revenue neutrality would be the maxim for taking forward the implementation of the tax. If I had come back today not having observed revenue neutrality, Labour and Conservative members would have accused me of a breach of faith; that is what Labour members do at the slightest opportunity.

Lewis Macdonald: Will the cabinet secretary take an intervention?

John Swinney: I will give way to Mr Macdonald in a minute. Revenue neutrality was the driver of my position, not a desire to follow the actions of the Conservative Government. I remain true to the commitment that I gave to Scotland about revenue neutrality.

Lewis Macdonald: Does Mr Swinney accept that many options were available to him to achieve revenue neutrality in amending his original proposals other than the option that has followed the Conservative proposals so closely?

John Swinney: Mr Macdonald has fallen into to same trap as Jackie Baillie. Jackie Baillie attacked the whole proposal and then said, "I must go and look at the detail." That summed up for all of us the beautiful preparation that Jackie Baillie had done for today's debate.

Jackie Baillie: I am looking forward to debating with the cabinet secretary in future.

I was very clear that anything that helped home owners and the house-building industry was to be welcomed. My criticism was of the cabinet secretary's handling of the proposal, not the detail.

Members: Ah.

John Swinney: Well, there we are—that clears it up. That was about as good as Jackie Baillie's defence of the Labour OBR proposal on "The Politics Show" on Sunday afternoon. I am surprised that Jackie Baillie came to Parliament with the OBR proposal today given the filleting that she took on television. She sat on television and said that there was no commitment to extra resource for the Fiscal Commission. Has she not read the *Official Report* of the Finance Committee, at which I made it absolutely clear that, if the Fiscal Commission wants more resources, it can come to me to ask for them? She attacked the Fiscal Commission's limited remit. In response to questions from, I think, Michael McMahon—he is at the back and can correct me if I am wrong—I told the Finance Committee that the Fiscal Commission's remit would be commensurate with the Parliament's current responsibilities. As the Parliament gets more responsibilities, we will expand the Fiscal Commission's responsibilities.

I simply cite those minor points of detail that are part of the parliamentary record to say to Jackie Baillie that, if she wants to debate with me in the chamber, she had better do her homework first and do it better than she has done it today. [Applause.]

In land and buildings transaction tax, I have remained absolutely true to my principles. Lewis Macdonald asked me about other options for revenue neutrality. An approach that takes 50 per

cent of transactions out of tax is designed to help first-time buyers and to get people on to the property ladder. The crossover point of £330,000 is in pretty close proximity to the crossover point of £325,000 in my previous proposal. The changes that I have made to enhance progressivity at the £750,000 level possibly attracted the endorsement of Malcolm Chisholm, who seems to have thought about the issues before he spoke, unlike Mr Macdonald and Jackie Baillie.

My final point is about the interaction between health and local government expenditure. In her speech, Jackie Baillie said that there had to be more money for health and more money for local government, although her handling of the First Minister's intervention by saying that it is all too complicated and we all have to go away and sort it out at some other time was really a very precious moment in parliamentary history.

If I assume that the Labour Party supports the increases in health expenditure that the Government has put in place and we take health expenditure out of the equation, we see that, when we came to office, local government got 55.7 per cent of the resources available to the Scottish Government. In 2015-16, local government will not get 55.7 per cent; it will get 57.2 per cent. When we take health expenditure out of the equation—and Labour supports the increases in health expenditure—and we look at local government in the remainder of public expenditure, we see that its share is going up and not down.

Lewis Macdonald: Will the cabinet secretary give way?

The Presiding Officer (Tricia Marwick): I am sorry; Mr Swinney is about to conclude.

John Swinney: I will happily endlessly debate this particular question with Mr Macdonald in the many months and years to come. When we came to office, local government's share of the Scottish budget was going down under the Labour Party; it has gone up under the Scottish National Party Government, and we are determined to do that to support public services.

I will happily engage with other parties on the remaining issues around the budget and I look forward to sharing further details with the Finance Committee and the Parliament.

Business Motions

17:00

The Presiding Officer (Tricia Marwick): The next item of business is consideration of business motion S4M-12104, in the name of Joe FitzPatrick, on behalf of the Parliamentary Bureau, setting out a business programme.

Motion moved,

That the Parliament agrees the following programme of business—

Tuesday 27 January 2015

2.00 pm Time for Reflection

followed by Parliamentary Bureau Motions

followed by Topical Questions (if selected)

followed by Scottish Government Debate: Partnership Action for Continuing Employment (PACE) – Supporting Individuals out of Redundancy into Employment

followed by Business Motions

followed by Parliamentary Bureau Motions

5.00 pm Decision Time

followed by Members' Business

Wednesday 28 January 2015

2.00 pm Parliamentary Bureau Motions

2.00 pm Portfolio Questions
Education and Lifelong Learning

followed by Scottish Labour Party Business

followed by Business Motions

followed by Parliamentary Bureau Motions

5.00 pm Decision Time

followed by Members' Business

Thursday 29 January 2015

11.40 am Parliamentary Bureau Motions

11.40 am General Questions

12.00 pm First Minister's Questions

followed by Members' Business

2.30 pm Parliamentary Bureau Motions

followed by Stage 1 Debate: Community Charge Debt (Scotland) Bill

followed by Legislative Consent Motion: Health and Social Care (Safety and Quality) Bill (Private Members' Bill) – UK Legislation

followed by Business Motions

followed by Parliamentary Bureau Motions

5.00 pm Decision Time

Tuesday 3 February 2015

2.00 pm Time for Reflection

followed by Parliamentary Bureau Motions
followed by Topical Questions (if selected)
followed by Scottish Government Business
followed by Business Motions
followed by Parliamentary Bureau Motions
 5.00 pm Decision Time
followed by Members' Business

Wednesday 4 February 2015

2.00 pm Parliamentary Bureau Motions
 2.00 pm Portfolio Questions
 Social Justice, Communities and
 Pensioners' Rights;
 Fair Work, Skills and Training
followed by Stage 3 Proceedings: Budget (Scotland)
 (No. 4) Bill
followed by Business Motions
followed by Parliamentary Bureau Motions
 5.00 pm Decision Time
followed by Members' Business

Thursday 5 February 2015

11.40 am Parliamentary Bureau Motions
 11.40 am General Questions
 12.00 pm First Minister's Questions
followed by Members' Business
 2.30 pm Parliamentary Bureau Motions
followed by Scottish Government Business
followed by Business Motions
followed by Parliamentary Bureau Motions
 5.00 pm Decision Time—[*Joe FitzPatrick.*]

Motion agreed to.

The Presiding Officer: The next item of business is consideration of business motion S4M-12105, in the name of Joe FitzPatrick, on behalf of the Parliamentary Bureau, setting out a stage 1 timetable for the Human Trafficking and Exploitation (Scotland) Bill.

Motion moved,

That the Parliament agrees that consideration of the Human Trafficking and Exploitation (Scotland) Bill at stage 1 be completed by 8 May 2015.—[*Joe FitzPatrick.*]

Motion agreed to.

Parliamentary Bureau Motions

17:00

The Presiding Officer (Tricia Marwick): The next item of business is consideration of three Parliamentary Bureau motions. I ask Joe FitzPatrick to move motions S4M-12106 to S4M-12108, on approval of statutory instruments.

Motions moved,

That the Parliament agrees that the Children's Hearings (Scotland) Act 2011 (Rules of Procedure in Children's Hearings) Amendment Rules 2015 [draft] be approved.

That the Parliament agrees that the Scottish Landfill Tax (Prescribed Landfill Site Activities) Order 2014 be approved.

That the Parliament agrees that the Secure Accommodation (Scotland) Amendment Regulations 2015 [draft] be approved.—[*Joe FitzPatrick.*]

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

Decision Time

17:01

The Presiding Officer (Tricia Marwick): There are two questions to be put as a result of today's business. The first question is, that motion S4M-12101, in the name of John Swinney, on the Budget (Scotland) (No 4) Bill, 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)
 Allard, Christian (North East Scotland) (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, 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)
 FitzPatrick, Joe (Dundee City West) (SNP)
 Gibson, Kenneth (Cunninghame North) (SNP)
 Gibson, Rob (Caithness, Sutherland and Ross) (SNP)
 Grahame, Christine (Midlothian South, Tweeddale and Lauderdale) (SNP)
 Hepburn, Jamie (Cumbernauld and Kilsyth) (SNP)
 Hume, Jim (South Scotland) (LD)
 Hyslop, Fiona (Linlithgow) (SNP)
 Ingram, Adam (Carrick, Cumnock and Doon Valley) (SNP)
 Keir, Colin (Edinburgh Western) (SNP)
 Kidd, Bill (Glasgow Anniesland) (SNP)
 Lochhead, Richard (Moray) (SNP)
 Lyle, Richard (Central Scotland) (SNP)
 MacAskill, Kenny (Edinburgh Eastern) (SNP)
 MacDonald, Angus (Falkirk East) (SNP)
 MacDonald, Gordon (Edinburgh Pentlands) (SNP)
 Mackay, Derek (Renfrewshire North and West) (SNP)
 MacKenzie, Mike (Highlands and Islands) (SNP)
 Mason, John (Glasgow Shettleston) (SNP)
 Matheson, Michael (Falkirk West) (SNP)
 Maxwell, Stewart (West Scotland) (SNP)
 McAlpine, Joan (South Scotland) (SNP)
 McArthur, Liam (Orkney Islands) (LD)
 McDonald, Mark (Aberdeen Donside) (SNP)
 McInnes, Alison (North East Scotland) (LD)
 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)
 Rennie, Willie (Mid Scotland and Fife) (LD)
 Robertson, Dennis (Aberdeenshire West) (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)
 Urquhart, Jean (Highlands and Islands) (Ind)
 Watt, Maureen (Aberdeen South and North Kincardine) (SNP)
 Wheelhouse, Paul (South Scotland) (SNP)
 White, Sandra (Glasgow Kelvin) (SNP)
 Yousaf, Humza (Glasgow) (SNP)

Abstentions

Baillie, Jackie (Dumbarton) (Lab)
 Baker, Claire (Mid Scotland and Fife) (Lab)
 Baker, Richard (North East Scotland) (Lab)
 Baxter, Jayne (Mid Scotland and Fife) (Lab)
 Beamish, Claudia (South Scotland) (Lab)
 Bibby, Neil (West Scotland) (Lab)
 Boyack, Sarah (Lothian) (Lab)
 Brown, Gavin (Lothian) (Con)
 Buchanan, Cameron (Lothian) (Con)
 Carlaw, Jackson (West Scotland) (Con)
 Chisholm, Malcolm (Edinburgh Northern and Leith) (Lab)
 Davidson, Ruth (Glasgow) (Con)
 Dugdale, Kezia (Lothian) (Lab)
 Fee, Mary (West Scotland) (Lab)
 Fergusson, Patricia (Glasgow Maryhill and Springburn) (Lab)
 Fergusson, Alex (Galloway and West Dumfries) (Con)
 Findlay, Neil (Lothian) (Lab)
 Finnie, John (Highlands and Islands) (Ind)
 Fraser, Murdo (Mid Scotland and Fife) (Con)
 Goldie, Annabel (West Scotland) (Con)
 Grant, Rhoda (Highlands and Islands) (Lab)
 Gray, Iain (East Lothian) (Lab)
 Griffin, Mark (Central Scotland) (Lab)
 Harvie, Patrick (Glasgow) (Green)
 Henry, Hugh (Renfrewshire South) (Lab)
 Hilton, Cara (Dunfermline) (Lab)
 Johnstone, Alex (North East Scotland) (Con)
 Johnstone, Alison (Lothian) (Green)
 Kelly, James (Rutherglen) (Lab)
 Lamont, Johann (Glasgow Pollok) (Lab)
 Lamont, John (Ettrick, Roxburgh and Berwickshire) (Con)
 Macdonald, Lewis (North East Scotland) (Lab)
 Macintosh, Ken (Eastwood) (Lab)
 Malik, Hanzala (Glasgow) (Lab)
 Marra, Jenny (North East Scotland) (Lab)
 Martin, Paul (Glasgow Provan) (Lab)
 McCulloch, Margaret (Central Scotland) (Lab)
 McDougall, Margaret (West Scotland) (Lab)
 McGrigor, Jamie (Highlands and Islands) (Con)
 McMahon, Michael (Uddingston and Bellshill) (Lab)
 McMahon, Siobhan (Central Scotland) (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)
 Rowley, Alex (Cowdenbeath) (Lab)
 Scanlon, Mary (Highlands and Islands) (Con)
 Scott, John (Ayr) (Con)
 Smith, Drew (Glasgow) (Lab)
 Smith, Elaine (Coatbridge and Chryston) (Lab)
 Smith, Liz (Mid Scotland and Fife) (Con)

Stewart, David (Highlands and Islands) (Lab)
Wilson, John (Central Scotland) (Ind)

The Presiding Officer: The result of the division is: For 66, Against 0, Abstentions 55.

Motion agreed to,

That the Parliament agrees to the general principles of the Budget (Scotland) (No 4) Bill.

The Presiding Officer: I propose to ask a single question on motions S4M-12106 to S4M-12108, on the approval of Scottish statutory instruments. As no members object, the next question is, that motions S4M-12106 to S4M-12108, in the name of Joe FitzPatrick, on the approval of SSIs, be agreed to.

Motions agreed to,

That the Parliament agrees that the Children's Hearings (Scotland) Act 2011 (Rules of Procedure in Children's Hearings) Amendment Rules 2015 [draft] be approved.

That the Parliament agrees that the Scottish Landfill Tax (Prescribed Landfill Site Activities) Order 2014 be approved.

That the Parliament agrees that the Secure Accommodation (Scotland) Amendment Regulations 2015 [draft] be approved.

Science Education

The Deputy Presiding Officer (Elaine Smith):

The final item of business today is a members' business debate on motion S4M-11626, in the name of Iain Gray, on the learned societies group on Scottish science education report.

Motion debated,

That the Parliament notes with concern a recent survey, which was published by the Learned Societies Group on Scottish Science Education and supported by The Royal Society of Edinburgh, suggesting that 98% of primary and secondary schools depended on external funding for practical work, including from parents and teachers, that 45% of primaries reported having no access to safety equipment and that spending per head on pupils studying science in Scotland is around two thirds of the equivalent spending in England; is concerned that schools might be put off encouraging pupils to take science subjects at National 5 if sitting those exams is perceived to have an adverse impact on pass rates; acknowledges what it sees as the seriousness of these problems, given that some reports have stated that, by 2030, over seven million jobs in the UK will depend on science skills and that, therefore, the science graduates that Scotland's economy will rely on are already at school and being introduced to the subject; welcomes the Royal Society of Chemistry's recommendations on improving science learning in school through access to teaching specialists; further recognises what it believes is the important role that local science societies, such as the Dunbar Science Festival in East Lothian, and festivals play in making extracurricular science learning available, and understands with disappointment that, in 2015-16, science societies and festivals will receive a real-terms cut in funding from the Scottish Government.

17:04

Iain Gray (East Lothian) (Lab): We all like to think of Scotland as a great science nation, with a proud history of scientific achievements—enough to fill a tea towel many times over. I will illustrate that with a passing reference to one of the greatest shining lights of our scientific past, James Clerk Maxwell, because this year marks the 150th anniversary of the publication of Maxwell's treatise, "A Dynamical Theory of the Electromagnetic Field", which is one of the most important publications ever in science. The equations included therein are just as important as the perhaps more famous $E=mc^2$, which came from Einstein later. The foundations of quantum mechanics lay in James Clerk Maxwell's work.

Maxwell was not just a great researcher and theoretical physicist; he was a teacher, too. He lectured first at Marischal College, which was a predecessor of the unified University of Aberdeen. He also gave pro bono lectures in that city at the local working men's college.

As well as a proud history in science, we have a proud history in science teaching, and the two are, of course, fundamentally related. I, myself, have a small part in the history of science teaching—it is

history—which is not quite as illustrious as that of James Clerk Maxwell, but I started my professional life as a physics teacher. Although that experience and my registration with the General Teaching Council for Scotland lie far back in the dim and distant past, my passion for science and the excitement that learning about science can provide for young people remain undiminished.

When the learned societies group published its report back in November, I found the results of its survey of science teaching, of our schools and of their resources quite alarming. That survey—the first in about 10 years—shows that 82 per cent of our schools report that they do not have sufficient resources for science teaching. That is, put simply, related to funding. The survey revealed the fact that funding per pupil of science teaching in our secondary schools is about a third less than it is in England. In primary schools, the situation is worse: the funding is at about half the level that one could expect in a primary school in England. Furthermore, 98 per cent of the schools that were surveyed said that they were drawing on external funding in order to marshal enough resources to teach science, which often came out of the pockets of science teachers themselves.

Those pockets are neither deep nor numerous. Not long after the learned societies report was published, the Institute of Physics produced a report that examined the careers of physics graduates. The institute's survey demonstrated that physics graduates who had become teachers were the poorest-paid section of those who had been surveyed. As a result, there is now an impending shortage of physics teachers. That is not helped by the fact that other parts of the United Kingdom are providing financial incentives for trainee teachers in the STEM—science, technology, engineering and maths—subjects and we are losing trainee teachers to the rest of the United Kingdom. That does not just concern teachers. Local government cuts, which we have just heard about during the budget debate, have meant that the budgets for technicians in school science departments have also been cut.

There are other concerns around science teaching—they are not just about resources. Science teachers have come to me with concerns about an unintended consequence of the introduction of curriculum for excellence—which we, of course, support. The way in which course choice is being applied in our schools has led to a squeezing of science and maths subjects. There are now real fears that the number of pupils who choose those subjects will reduce.

That is not helped by the results of the first new national exams, which show significantly lower pass rates in science subjects than in some

others. There is a real fear among science teachers that pupils will therefore be discouraged from choosing those subjects because of the long-standing belief that they are somehow too hard. The result will be a reduction in classes.

The Minister for Learning, Science and Scotland's Languages (Dr Alasdair Allan): I think that Governments are more accustomed to being criticised when pass rates suggest that things are easy instead of showing that standards are clearly being maintained. What evidence does Iain Gray have that teachers or anyone else in our system are discouraging young people from taking science subjects?

Iain Gray: There are two points to address in that intervention. First, I have made it clear that the evidence is, at the moment, anecdotal. I will come back to that issue at the end of my speech, but I point out that the evidence has come from teachers. Secondly, I was not suggesting for a moment that teachers are discouraging students from taking science subjects, but that some of the ways in which school administration works are making it more difficult for young people to choose one, two or three science subjects.

The minister mentioned standards. There is also a problem with them; for example, the Scottish Government's own numeracy survey, which came out last year, showed a fall in numeracy attainment in our schools. Of course, numeracy underpins the STEM subjects. There were significant falls in primary 2 and P4, and something like 34 per cent in secondary 4 did not achieve the required numeracy rates. That is another significant difficulty in our schools that will have consequences for the ability of pupils to study STEM subjects.

In many ways, therefore, this is a perfect storm. We have underresourced science teaching: we face not having enough teachers and, potentially, not enough pupils choosing STEM subjects, and we have a lack of, or dropping, standards in the fundamental skills that pupils need to succeed in the subjects. That all threatens not just our future as a science nation but our economy. Colleagues who attended the Institution of Engineering and Technology event a couple of weeks ago will know that its report suggests that by 2022 we will need 147,000 engineers alone in Scotland to have the kind of growth in the economy that we want.

I am not for one moment suggesting that the Scottish Government is not committed to quality science teaching in our schools; I am simply using this evening's debate to draw attention to various interlocking reports that suggest that problems are developing around science education in our schools. Now is the time to take action. Next week, our Education and Culture Committee will have an evidence-taking session on this matter,

but the truth is that the problems need more than a one-off evidence session. We need a plan for action to turn around the problems of resourcing teachers and any unintended consequences of curriculum change on course choice, and we need it before it is too late. That will allow us to hope for—and, indeed, to expect and see—the creation of more James Clerk Maxwells in the future to maintain our reputation as one of the world's leading science nations.

17:12

Stewart Maxwell (West Scotland) (SNP): I congratulate Iain Gray on securing this debate and associate myself with his remarks about the towering figure of James Clerk Maxwell. Since its creation in 2012, the learned societies group on Scottish science education has carried out a lot of interesting work, including its latest report on the resourcing of science in Scottish schools. Last month, I met William Hardie, the group's secretariat, Bristow Muldoon and Dr Bill Beveridge to discuss the report's findings.

As convener of the Education and Culture Committee, I want to inform members about the work that our committee plans to undertake on science education. The committee has agreed to examine whether there are barriers to more pupils studying STEM subjects at school, college and university, and we also plan to look at the extent to which industry's needs for STEM skills are being met by the education system. Initially, the committee has, as Iain Gray quite rightly mentioned, invited the learned societies group to discuss its report's findings on the resourcing of science in schools at next week's meeting, but we also intend to carry out further work later this year, with detailed evidence sessions on STEM subjects.

I very much recognise the Scottish Government's commitment to science education in Scottish classrooms, but at this point I want to put on record my support for the campaign to ensure that creationism or intelligent design has no place in the science classrooms of Scotland. Scientific fact or theory should be taught to our young people, not the ridiculous nonsense of those pushing the young earth fantasy.

Resourcing decisions are, of course, for education authorities and their schools, though the work of the learned societies group has been very useful in identifying areas for improvement. That said, we must not jump to any conclusions, given that the survey covered only 2 per cent of Scottish primary schools. Indeed, the report states:

"Given the small samples, the findings should be read as providing an indication only of the Scotland-wide picture."

Secondly, it is a fact that

"Among surveyed primary schools, the average spend on science has increased from £280 (2012-13) to £343 (2013-14) representing a rise of 21%"

and that

"next year, the level of spend on science is estimated to grow by an average of 12.9% among surveyed schools."

That is very welcome news indeed.

One area that the report highlighted is the need to encourage more pupils to consider science-related careers by improving participation in practical science work from an early age. The report indicated that a number of teachers, particularly in primary schools, reported having difficulty in supporting practical science lessons because of a lack of resources and equipment. I expect that to be a key issue for the Education and Culture Committee's work in the weeks ahead.

Our young people continue to excel at science, as is evidenced by Aidan Miles and Murray Paterson, two pupils from Gleniffer high in Paisley who recently won the best quality award in the Higgs boson competition organised by the Institute of Physics. Last week, I hosted a reception in Parliament—which Iain Gray mentioned—on behalf of the Institution of Engineering and Technology to promote the need for more young people to take up STEM subjects at school and pursue careers in related industries.

During the reception, we heard from Naomi Mitchison, the IET young woman engineer of the year, who spoke passionately about the importance of taking steps to change perceptions about gender in the engineering industry. Naomi Mitchison is a talented and successful young engineer and I certainly hope that more ambassadors like her are given the chance to speak about the benefits of taking up STEM subjects at school.

Excellent work is being done every day to promote science in Scottish classrooms. Last year, a teacher from Mearns primary in East Renfrewshire was awarded a primary science teacher award for his work in championing science to his pupils. Paul Tyler was given the accolade by the Primary Science Teaching Trust for his inspiring science lessons, which included building a wave generator and a tidal turbine to generate electricity.

Schools across East Renfrewshire have been participating in the science champions scheme, which is funded by the Scottish Government to offer teachers training and resources to promote science projects to pupils. That programme operates in about 50 per cent of our local authority areas, and it is welcome.

Scotland has a proud history of scientific achievement, and our future success in the fields

of science and technology will rely in no small part on the hard work that is being carried out by our teachers—particularly teachers such as Paul Tyler—in classrooms right across Scotland.

17:17

Elaine Murray (Dumfriesshire) (Lab): I congratulate Iain Gray on bringing this important subject to the chamber. As he said, Scottish science has a good reputation. That has been the case for many decades. Our scientists have excellent citation rates for their published work and scientists from across the world are attracted to collaborate with or work at our universities, but we must not be complacent, because if we are to have a successful economy in the future, we must have a workforce that is competent in the STEM subjects, as Sir Ian Wood's recent report highlighted.

Children and young people can be enthused about or turned off science at an early age. Teachers and family members can make or break a child's interest in science, so it is vital that primary school pupils are introduced to the sciences by teachers who are enthusiastic and confident.

In its briefing to the science and the Parliament conference last year, the Royal Society of Chemistry noted that, despite Scotland's reputation for science, our overall rating for science education lags behind that of many of our international competitors, including England, and it suggested that there is a need to provide inspiring science teaching from an early age. It recommended that every primary school should have—or, in the case of small schools, have access to—a science subject leader who is a science specialist, who can provide leadership on science teaching and support for colleagues.

A science specialist does not have to be someone who is a science graduate, but it should be someone who has at least one higher or equivalent in a science subject. It is surprising that the current minimum entry qualifications for primary teaching require applicants to have English at Scottish credit and qualifications framework level 6—the older members will remember such qualifications as highers—maths at SCQF level 5—standard grade or, as the even older members will remember it, O grade—but there is no requirement for any science qualification at all, despite the fact that science is in the curriculum.

The RSC also recommended that sufficient continuous professional development needs to be provided to ensure that teachers' knowledge and skills are kept up to date, because science changes quickly.

If a teacher had a poor experience of learning science and perhaps gave up science at a fairly early age in their own school education, or if they failed a science qualification, they are not going to feel particularly confident about teaching science—and science teaching, from the earliest age, needs to be led by teachers with confidence and enthusiasm.

Iain Gray spoke about the report on the resourcing of science in Scottish schools that was published by the learned societies group on Scottish science education, which makes worrying reading. In debates on science, I often highlight my concerns about the lack of opportunities for children and even older students to undertake experiments themselves. It is, therefore, concerning to me that 44 per cent of primary schools were dissatisfied with the funding that is available for practical work and that 82 per cent of secondary schools were not confident of having enough equipment and consumables to deliver science practical work effectively. It is also concerning that 44 per cent of secondary schools were dissatisfied with the level of technical support that is available. It would be unfair to suggest that responsibility for the situation rests only with the Scottish Government, as it also rests with local authorities and individual schools. However, I believe that those issues need to be tackled if Scotland is to remain successful in science.

We need to grow our own scientists and science technicians in addition to attracting excellent students and academics from other nations, so our schools must be up to the task, as must our further and higher education institutions. I know that there is no money tree on the immediate horizon and that those aims need to be achieved against a background of financial restriction, but I believe that the investment is worth making for our future economy. If we want to continue to be successful in science and have a high-wage, high-experience and high-qualification economy, we need to be able to produce those scientists and science technicians.

Because of the issues that confront all of us, we need to be able to engage with other partners and increase the level of private investment in research and development. I cannot remember the number of years for which we have been saying that there is an insufficient level of private investment in research and development, yet that is still the case. We also need to encourage the offering of high-quality apprenticeships in science. Going forward, that will require us to promote a consensus about the value of science and knowledge to the economy and the fact that investing in science education right from the beginning, from primary school onward, is investing in Scotland's future.

17:22

Liz Smith (Mid Scotland and Fife) (Con): I thank Iain Gray for lodging the motion on a hugely important issue that highlights the significant concerns of the learned societies group, the Royal Society of Chemistry and the Institute of Physics. It is good to hear from the convener of the Education and Culture Committee about the profile that the subject will receive in the coming weeks. Those academic bodies, which do so much to enhance the intellectual life of Scotland because their discourse is always well balanced, non-partisan, well evidenced and, without exception, very thought provoking, have spoken out about the crucial challenge that faces the future of science teaching. That challenge is especially important when one considers that, by 2030, some 7 million jobs in the UK will be directly dependent on science skills.

Unlike Mr Gray, I am not a scientist but I have taken a keen interest in what science teachers are saying, and he is right to identify that there are some issues with the curriculum for excellence—some of them good, some of them less good. There are certainly some very important messages for us. As everyone in the chamber is well aware, science learning has traditionally been very content driven—that is, knowledge of the facts has often mattered more than the learning process. It is true that there has always been a great deal of emphasis on basic numeracy, data-handling skills, problem solving and research methodology, but the knowledge content has always tended to be dominant in the traditional curriculum. Now, however, some interesting things are happening in the Scottish Qualifications Authority exams and we have what is called the “open” question, which is designed to assess the candidate’s science knowledge from a much more holistic point of view. By its very nature, an open question does not have only one correct answer, and I warmly welcome that change of direction in the curriculum for excellence.

I do not think that there is any need to get too worried about that change, because the curriculum for excellence is trying to get back to the cross-curricular teaching of science subjects, which is very important. I am a strong supporter of a baccalaureate system of exams. Nevertheless, at the moment, I do not believe that the Scottish baccalaureate has the necessary intellectual rigour. The uptake rates are not good, and it does not compare particularly well with the rigour of the international baccalaureate.

The arts, sciences and social sciences are all distinct disciplines but they inform each other. There is a good movement in the curriculum for excellence to look at how those disciplines can

come together. Nonetheless, there are specific problems and we need to take action.

It is particularly important to start with the 2012 science and engineering education advisory group’s recommendations. Its report said that although the Scottish Government had quite rightly identified energy and life sciences as two priority sectors, that was not translating into successful STEM education. Given the identification of those as priority sectors, the key question for the Education and Culture Committee to ask will be why that is not being translated into action.

Partly, that is because there is a lack of science specialists, particularly in primary schools. Elaine Murray is absolutely right to point to that. The Royal Society of Chemistry made a very good call towards the end of November 2014 on the need for science specialists in our primary classrooms. We can go further. Whether politicians like it or not, educational reform is coming. It is coming because, as Sir Ian Wood has clearly identified, the needs of Scotland and our young people are changing fast, especially in what is a fiercely competitive global economy.

I flag up what Lindsay Paterson of the University of Edinburgh talked eloquently about in a lecture that he delivered at the David Hume Institute last year. He spoke of the need to support our very gifted children, whatever their backgrounds. There is a need, particularly in the science subjects, to look at greater bursary support.

There is no question but that a lot must be done. We are on the cusp of doing exciting things in science teaching, but that will not happen until we grasp the thistle: that is about resources and the professional training of teachers and ensuring that they can inspire our youngsters.

17:26

Hanzala Malik (Glasgow) (Lab): Good evening, Presiding Officer. I thank Iain Gray for securing this important debate.

We have been aware of the low funding for science education for some time, but I was still shocked to see the survey results which suggested that 98 per cent of primary and secondary schools depend on external funding for practical work in science classes. That means that those children whose parents cannot contribute are disadvantaged more than others, which is unfair and undesirable.

It is shameful that Scotland, which prides itself on being the home of great inventors such as James Watt and John Logie Baird, is spending significantly less per child on science subjects than England.

As many members know, I have spoken on various occasions about the need to have more people, particularly young women, studying science and technology in Scotland. Although some money and focus has been put at the end of the process to encourage people to undertake science, technology, engineering and mathematics courses at university, we must recognise the need to have a pipeline of people who are engaging in science at all ages and at all levels. We are not going to get someone choosing to study engineering at university if they never had the opportunity to conduct classroom experiments when they were younger.

I thank Iain Gray for focusing attention specifically on the crisis in the teaching of physics. Physics is an essential basis for going on to study engineering at university level. When I asked a parliamentary question about the gender imbalance in highers science subjects, the minister glossed over the issue by looking at all science subjects together and stating that the position was not too bad. However, if we look at the sciences separately, we have nearly double the number of people taking higher chemistry compared with physics. Furthermore, of those taking physics, only 29 per cent are female. I find this state of affairs to be unacceptable. The Scottish Government must urgently review its strategy on scientific education at all levels.

Stewart Maxwell's comments were helpful and I genuinely wish him well in trying to address some of the issues that he spoke about. However, we need to ensure that our schools have the appropriate tools of the trade and that our children get every opportunity to perform at the highest levels. The fact that schools are having to beg, borrow and steal equipment and the fact that they are having to resource goods from outwith school budgets are damning statements. I continue to be not only shocked but horrified that that is still the state of affairs in our schools today.

It has been said that some councils have as much responsibility as the Scottish Government, but that is unfair. We cannot tie schools' hands behind their backs and then expect them to perform. I hope that the minister will be able to assure me that, like Stewart Maxwell, he will do the best that he can to reverse the situation.

17:30

Mark Griffin (Central Scotland) (Lab): Like others, I congratulate Iain Gray on securing this evening's debate on the report on Scottish science education that was published by the learned societies group on Scottish science education.

The report makes stark reading against the backdrop of the prediction, which Liz Smith

highlighted, that by 2030 more than 7 million jobs in the UK will depend on science skills. Those STEM jobs are exactly the kind of jobs that we need—high-quality, highly skilled and highly paid jobs that emerging economies will struggle to compete with us for, and yet here, where we have that competitive advantage, we are choosing not to follow it through.

By 2030, the four and five-year-olds who will start primary school this summer will already be in work or will be in the final years of university study and about to enter the jobs market. In England, if current spending levels continue, the same pupils with the same academic ability and the same aptitude for science will have enjoyed more than 10 years of state education with 80 per cent more per head spent on science in primary schools and 27 per cent more in secondary schools. That is a massive head start in building the necessary skills to compete for those 7 million jobs.

My colleague described the situation in science teaching as "a perfect storm", and, looking at the stats and the commentary that are provided in the science education report, it is hard to disagree with that. It states that, as I said, spending on science is significantly lower in Scotland than in England, that 57 per cent of schools do not have sufficient equipment to carry out lessons, that 44 per cent of primary schools and 80 per cent of secondary schools are unhappy with the level of funding for practical science lessons, and that 98 per cent of all schools have sought additional external funding from parents, teachers or other sources.

That issue alone—that 98 per cent of schools have sought external funding—is likely to have a bigger impact in more deprived areas where parents are not in a position to contribute to their child's education. Hanzala Malik flagged that up. I take on board what the minister said about the small sample size and not being able to do as in depth an analysis as we would like but, if the report is accurate on that point, I would be interested to hear his view. Is the Government going to take forward any further work and how does it plan to tackle any educational inequality that arises as a result of more affluent communities finding it easier to fund their schools' science provision?

Teacher numbers in science are falling and it is becoming harder to recruit new teachers. Staff and pupil morale has been affected and concerns have been outlined that some pupils might be less inclined to take up a science subject if it is perceived to be harder to pass and that overall exam grades could be affected. At the same time, we have seen science support and technician staff being reduced across the country as local

authority education departments are trying to save money and focus on their core functions.

Nigel Don (Angus North and Mearns) (SNP): I have been listening to this interesting debate. When I was young, the science subjects were perceived as being more difficult, and when my children were young the science subjects were still perceived as being more difficult. If they are still perceived as being more difficult, that is partly because they genuinely are more difficult. As Iain Gray said, numeracy is an issue, and science will not come naturally to someone who is not particularly numerate. I suggest to the member that there is an element of difficulty, which children rightly see and which we must therefore accommodate.

Mark Griffin: I take that on board. The difficulty is reflected in the levels of pay that science and engineering graduates enjoy. There is concern that we might get to a point at which the funding of science subjects and practical science makes it more difficult to study science subjects than it was when the member and I were at school.

I do not want to make a speech that is negative about the challenges that we face. The massive, positive driver to improve science provision in schools is the fact that, by 2030, there will be 7 million highly skilled, highly paid jobs in the United Kingdom that depend on science. Some of the young people who will access those jobs have not yet started school, so we have an opportunity to address the issues that science teachers and pupils are facing.

None of the issues in the report is insurmountable. I look forward to working with the Education and Culture Committee next week when we hear evidence in that regard, and I look forward to hearing from the minister about how he will take forward the science teaching agenda.

17:36

The Minister for Learning, Science and Scotland's Languages (Dr Alasdair Allan): I thank Iain Gray for lodging the motion on the report of the learned societies group on Scottish science education. I concur with him that we should celebrate the achievements of James Clerk Maxwell this year, which has been designated the year of light to commemorate his work.

The survey that we have been considering contributes to the picture on the delivery of science education in our schools, alongside other evidence, such as Education Scotland's three-to-18 sciences impact review.

The Government recognises the important role that science and broader STEM education play in our schools. There is a strong connection between

STEM learning and our economic growth sectors, as Liz Smith and other members said.

Curriculum for excellence ensures that all our learners develop a grounding across the range of STEM subjects through their broad general education. Learners have the opportunity to study for relevant national qualifications. By enabling pupils to learn in the real-life, broader contexts to which Liz Smith referred, curriculum for excellence helps to ensure that young people become aware of the careers that STEM sectors can offer and the pathways into those jobs. As Stewart Maxwell said, it is important that we ensure that all young people regard a science career as open to them. We recognise the importance of encouraging young women into science careers.

Elaine Murray touched on many issues in her thoughtful speech, not least the connection between science in schools and our wider national and international scientific research achievements.

The picture on uptake and attainment of science qualifications is positive. I say, with respect to members, that there is simply no evidence—to use a scientific phrase—that schools or pupils are being put off taking science qualifications. Last year, there was an increase in entries at higher in all three main science subjects—biology, chemistry and physics—and pass rates are holding up strongly. It is difficult to reconcile that with the claim in the motion that schools might regard the taking of science subjects as a threat to their pass rates.

Liz Smith: I think that the minister is right. There are some good signs about the numbers of pupils who are taking highers and advanced highers in the science subjects, but there is currently a big disconnect with respect to the science baccalaureate. That plays very much to the theme of the curriculum for excellence. How will the minister address that particular problem?

Dr Allan: I agree with the member on the need to promote the take-up of the science baccalaureate, but I do not agree with some of her assessments of the baccalaureate's quality or robustness. I fully agree on the need to promote its take-up, as with other awards that are being promoted.

I also believe that the uptake of sciences among S4 pupils remains very good. It should be said that the proportion of passes in sciences at Scottish credit and qualifications framework level 5 in 2014 was broadly the same as that in 2013.

That positive picture is also borne out in the learned societies group's survey results. We continue to provide a range of support for STEM learning and science qualifications, including relevant resources and materials, the STEM

central website with links to STEM careers, and the Tigttag science resource for primary schools.

It is important that the Scottish Government also provides direct funding of £900,000 per annum to the Scottish Schools Education Research Centre to support the professional learning of primary and secondary teachers and technicians. That includes a programme that is focused on primary teachers to raise their confidence and skills in science, which members have spoken about.

Members will, of course, be aware—some members have referred to this—that the vast majority of funding for primary and secondary schools comes as part of the annual local government finance settlement, which has, of course, been included in our debate on the budget. It is, of course, the responsibility of individual authorities to manage their budgets and allocate the financial resources that are available to them.

Although the learned societies group's survey is significant, it does not provide a national picture of the level of science expenditure. It sampled approximately 2 per cent of Scottish state primary schools and 13 per cent of state secondary schools. The report highlights that caveat and says that

“the findings should be treated with caution and purely as an indication”.

We should bear that in mind.

It is worth highlighting some of the positives from the survey.

Iain Gray: Will the minister give way?

Dr Allan: I will. I am sure that Iain Gray will highlight a positive.

Iain Gray: It is, really. The minister's point is well made. The sample was small, and the report says that. Surely the response to that should be not to dismiss the report's findings but to consider a wider sample that would give us a clearer picture and more evidence on whether what the learned societies group found is or is not the national picture.

Dr Allan: I would certainly not be dismissive of the report or the work that went into it, and I certainly keep up a very positive relationship with the Royal Society of Edinburgh and the other learned societies on these issues.

One of the issues that has been raised in the debate is the making of comparisons with other places. Mr Malik rightly raised the importance of physics as a subject but, like Mr Griffin, I feel that some of the comparisons with England that were made are at least open to question. For instance, the figures that have been quoted for spending on science in schools do not include the small

matters of teachers' training and their science centres.

The Scottish Government agrees with the learned societies on the importance of the dialogue that we need to have between us.

The science centres, which I mentioned, are one of the jewels in the crown of science in schools and more generally throughout Scotland. I am also happy to note the importance of science festivals, not least the one in Mr Gray's constituency. I am pleased to say that its funding has been increased.

The Scottish Government's commitment to science is borne out against a backdrop of cuts from another place. The work that we have done with Education Scotland and our other agencies ensures that we have good cause to feel pride in the teaching and learning of science in our schools.

Meeting closed at 17:44.

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