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Wednesday 9 May 2012

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Scottish Parliament

Wednesday 9 May 2012

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

Time for Reflection

The Deputy Presiding Officer (Elaine Smith):
Good afternoon. The first item of business this afternoon is time for reflection. Our time for reflection leader today is Allan Forsyth, chair of the Bahá'í Council for Scotland.

Allan Forsyth (Bahá'í Council for Scotland):
It is a great honour and joy to speak to you today on behalf of the Scottish Bahá'í community, and it is extra special because the next 12 months mark the centenary of the most significant event in our community's history.

A century ago, Abdu'l-Bahá, the son of Bahá'u'lláh, founder of the Bahá'í Faith and head of the community, had just been released from a lifetime as a prisoner of conscience in the Ottoman empire. Despite advanced age and poor health, he undertook a journey to the west to share his father's message about the oneness of humanity.

On 6 January 1913, Abdu'l-Bahá's journey brought him to Edinburgh, where he stayed at 7 Charlotte Square as a guest of Dr Alexander Whyte, then moderator of the Free Church of Scotland. Although Abdu'l-Bahá was received well wherever he travelled, I am very proud that in Scotland his reception was particularly warm and enthusiastic. At a talk at Freemasons hall, hundreds had to wait disappointedly outside a packed venue. *The Scotsman* and the *Edinburgh Evening Dispatch* gave extensive and positive reports. Even our weather relented: for four days in early January it was mild and sunny!

In a packed schedule, Abdu'l-Bahá met and talked with all—city officials, clerics, academics and schoolchildren. He talked about many subjects: the necessity of the equality of men and women; the harmony of science and religion; the reality that all the world's faiths have the same divine source and purpose.

I would like to leave you with one idea Abdu'l-Bahá shared that inspires the work of Bahá'ís in communities all around Scotland as we seek to assist children, youth and adults from all backgrounds to recognise and develop their spiritual capacities and to become agents of constructive and lasting social change. He taught that true happiness lies in service to others. His father, Bahá'u'lláh, said:

"Blessed and happy is he that ariseth to promote the best interests of the peoples and kindreds of the earth ...

Man's merit lieth in service and virtue and not in the pageantry of wealth and riches."

The implications of that for society are profound. If we assume that every human being has the potential to find fulfilment through their unique contribution to their community, Scotland will flourish. If we treat ourselves as primarily interested in material gain, insurmountable obstacles will abound.

As Abdu'l-Bahá left Edinburgh for London, he dictated a telegram with these words: "Scotland is illumined". He was in no doubt where our destiny lies.

European Structural Funds

The Deputy Presiding Officer (Elaine Smith):

The next item of business is a statement by the Cabinet Secretary for Infrastructure and Capital Investment on the future of European structural funds from 2014. The cabinet secretary will take questions at the end of his statement, so there should be no interventions.

14:34

The Cabinet Secretary for Infrastructure and Capital Investment (Alex Neil):

European structural funds have for many years played a profound role in facilitating structural economic reform in our regions, supporting restructuring and development in key sectors and supporting opportunities and individuals in disadvantaged and vulnerable communities. As the minister responsible for structural funds, I am delighted at the positive impact that the substantial European funds have made and continue to make through the current programmes.

I see the value that structural funds provide in my own constituency, for example in the routes into work project, which is part of North Lanarkshire's working employability service. The project, which is funded by £1.1 million of structural funds, provides key workers who travel across North Lanarkshire with access to a wide range of education, training and employment opportunities.

I was pleased that the importance of structural funds was recognised in the chamber recently with the debate that was initiated by the European and External Relations Committee, which does such fine work.

Structural funds have been pivotal in supporting economic recovery following the global downturn; in supporting our ambitions for renewable energy; in providing training opportunities for young people; in providing access to finance for our hard-pressed businesses; and in supporting research and development. We have allocated over £650 million since 2007, supporting more than 14,000 businesses, creating nearly 20,000 jobs and providing advice and support to more than 240,000 individuals to enter employment or to progress in the workplace. We responded to the economic downturn by front-loading expenditure and taking a strategic approach to delivering projects that provide real added value.

Given the Government's commitment to youth employment, I am also keen to respond to the call that was made by President Barroso in response to the rising levels of youth unemployment across Europe. That plea was for us all to do more to support youth employment. In January, he called

for member states to develop youth jobs plans; increase the number of apprenticeships and traineeships; guarantee a job or training within four months of leaving school; and redirect structural funds to give priority to youth unemployment. Scotland is already responding. With the Minister for Youth Employment, a draft youth employment strategy and our opportunities for all guarantee, we are ahead of the curve.

We have made it clear that we will take an all-Government, all-Scotland approach to youth employment. That is why I will ask the structural funds programme committee in the lowlands and uplands area to prioritise youth employment with the structural funds that remain unallocated in the period up to 2014. That could provide up to £25 million support for a range of initiatives from training to business development and recruitment incentives which, along with match funding, would guarantee total investment of at least £50 million.

We will work together with the public, private and third sectors. We want to break the cycle that too many of our young people find themselves unable to escape from. We all hear of young people who are unable to get a job because they have not had the experience of work, but who cannot get the experience of work because they do not have a job. We want to break that cycle. By incentivising recruitment and getting young people into real jobs, we can start to break it. Of course, the global financial downturn means that these are tough times for everyone, including our small and medium-sized enterprises. We understand that, as our support for SMEs demonstrates. We want to ensure that we can further support our SMEs to give chances to our young people, who will in turn be the people who build the SMEs of the future.

We want our public sector partners and the business community to work with us on supporting young people into real jobs. That is why I want the focus of the funds to be incentivising the recruitment of young people into jobs. That will build on the £30 million that the Scottish Government has already committed to youth employment.

That brings me neatly on to the future programmes for structural funds that will run from 2014 to 2020. Many of you will be aware that the European Commission published its legislative package in October 2011. The Commission proposes an innovative approach to encourage co-operative and partnership working at all levels. Given the team Scotland approach that we take in this Government, we very much welcome the Commission's approach at all levels.

At a strategic level, the Commission wants to see closer integration between structural funds, rural development funds and fisheries funds. It aims to achieve that through common regulations

and programme arrangements and a common strategic framework that will apply to all the funds and ensure that funds are concentrated around key themes. The common regulations will support alignment and integration of those funds by focusing resources on 11 common thematic objectives that are linked to the objectives of the Europe 2020 strategy. That should help to simplify the planning and implementation arrangements, focus the funds on results and reduce the administrative burden for all those who are involved in European funding.

The 11 thematic objectives and the Europe 2020 strategy objectives fit well with the Scottish Government's priorities as set out in our economic strategy, which are focusing on providing a supportive business environment; improving access to finance; supporting innovation and R and D; transitioning Scotland to a low-carbon economy; and ensuring that individuals have the skills and knowledge to compete in the labour market. Those ambitions—our ambitions for Scotland—are all reflected in the Commission's thematic objectives.

In the new programmes, co-operation at a strategic level will be articulated through the partnership agreement. That will be produced at a Scottish level and will feed into the overall United Kingdom-wide partnership agreement. The Scottish agreement will be built from the bottom up with our stakeholders and will set out how the funds will, separately and together, maximise their impact on Scotland by prioritising the objectives that matter most to us.

We will work at local and regional levels to develop our plans for supporting local and regional development. The common arrangements identify a number of ways of supporting that approach. We have significant experience of such an approach, given our work with community planning partnerships and the strategic and effective role that they have played in delivering structural funds under the current arrangements. The approach also builds on the excellent work that has been done through LEADER and fisheries local action groups, which bring together local stakeholders from the public, private and third sectors to develop and deliver local solutions to local issues.

With reducing budgets, we can and must make the best use of all available resources. By looking across the funds and working together, we can achieve synergies. As with all things, we can achieve more collectively than we can individually. That is why, in working with Richard Lochhead, the Cabinet Secretary for Rural Affairs and the Environment, we established a programme board to move forward the work on integration. The initial phase of that work has been completed and we are now committed to moving forward on

developing the Scottish partnership agreement with our stakeholders over the coming months.

We will work with partners to identify the opportunities for exploiting the integration of funds. For example, in supporting renewable energy, there is scope for us to fund large strategic projects through the European regional development fund, which could be complemented by smaller local developments that are funded through the rural development fund. There is the opportunity to provide joint support for research and development on renewable energy sources from the ERDF and the European agricultural fund for rural development. To support the competitiveness of SMEs and the agriculture and fisheries sectors, a key area for collaboration and integration across the funds must surely be our food and drink sector.

We intend to work closely with partners over the coming months to develop and shape our future programmes. We will do that openly and collaboratively through informal consultation, for example through our future of the funds blog, and in more formal ways. I look forward to working constructively with all colleagues in the Parliament and MSPs from all corners on moving the process forward for Scotland's benefit.

The Deputy Presiding Officer: The cabinet secretary will now take questions on the issues that his statement raised. I intend to allow about 20 minutes for questions.

Richard Baker (North East Scotland) (Lab): I thank the cabinet secretary for his statement. I join him in recognising the important role that European structural funds play and I welcome the focus of future plans on tackling youth unemployment. I am sure that he will look forward to working on the project in his constituency with the Labour administration that was returned in North Lanarkshire Council last week. However, the focus of the funds on youth unemployment raises further questions about the Scottish Government's decision to cut college budgets.

I broadly welcome the statement and the commitment to future consultation on how the next tranche of funds will be invested. However, is the cabinet secretary aware of concerns that the plans should be more advanced than they currently are and that not all potential stakeholders, such as those in the life sciences sector, have been properly consulted yet?

I looked at the future of the funds blog and found only three posts and eight comments, so will the cabinet secretary ensure that all relevant stakeholders are fully involved in the development of the partnership agreement? In doing so, will he also ensure that, as the Scottish Council for Voluntary Organisations has called for, there are

opportunities for the third sector to be involved in programmes, given that sector's proven track record in delivering programmes in areas such as tackling youth unemployment?

Finally, when will there be further details on how the £25 million of currently unallocated funds will be invested, given the time limitations on spending that money and the current need for investment? Is it not important to make that decision as soon as possible? What lessons have been learned from the previous round of funding to ensure that we have maximum uptake and maximum impact from this coming round of funding?

Alex Neil: I thank the member for welcoming the statement and I will try to answer his questions.

First, this money will be focused on trying to get young people into jobs. As the member knows, we are spending a great deal of money on apprenticeships and training, and on employability. What we want to do with this money is to focus on getting young people into employment, which I am sure the member welcomes.

I accept that we still have a number of sectors to consult. However, this is an on-going process to try to influence decisions, particularly those taken in Brussels. As the member knows, the budget and the funds for the period beyond 2014 will not be the subject of a final decision for some considerable time. We want to ensure that we have a team Scotland approach, including in the chamber. Ideally, we want to speak with one voice, which would be more effective in Europe in ensuring that we get access to the funds that we need.

I entirely agree with the member on the third sector's efficiency and effectiveness in delivering programmes. That has been proved many times over, not just in relation to the delivery of European-funded programmes but through a range of different services that are provided throughout Scotland. I am keen to ensure that the third sector plays its full part in the delivery of our youth employment funding, as well as in the wider programmes that we are discussing.

Alex Johnstone (North East Scotland) (Con): I thank the cabinet secretary for advance sight of the statement. I welcome the statement and, in particular, the emphasis that was placed on youth employment. In looking at unemployment figures over recent months, I have found it notable that the problem of youth employment in Scotland is large and growing relative to the rest of the United Kingdom. It is therefore vital that we act on the issue.

I will ask the minister questions on two key areas. First, although I welcome the minister's emphasis on the support for SMEs, there are

competing requirements in the funding objectives of the schemes. Does that demonstrate that the minister accepts that the development of the wealth-creating sectors in the Scottish economy has priority?

Secondly, and perhaps more controversially, is the issue of how we tackle youth unemployment. Much is already being done to encourage training in Scotland, but one key area that is falling short is workforce mobility. There are areas in the economy where there is a labour shortage, but it is increasingly difficult to match up jobseekers with the jobs that are being created in the key areas. Given that a key thematic objective of the 2014 to 2020 programme will be to promote employment and support labour mobility, what will the minister do to match Scotland's jobseekers with the jobs that are being created in Scotland?

Alex Neil: I thank the member for his positive statements and positive approach. First, with this money, we can simultaneously help young, unemployed people to get into employment and help our SMEs. I expect that the recruitment will be heavily focused in the SME sector, particularly in some of the growth sectors in Scotland. One example is the information technology sector, particularly the software sector, in which many companies have been growing by 10, 20 and, in some cases, 30 per cent a year even when the rest of the economy is pretty flat. Matching young people with the opportunities in the IT sector with this money is one example of how we can match up the needs of the SMEs with young, unemployed people.

Secondly, the tremendous work that is being done by the Minister for Youth Employment is very much focused on trying to get young people to exploit the opportunities, particularly where there are shortages of skills or people in any part of the economy. The member made a point about matching the opportunities for skilling, reskilling and jobs in areas where there is a shortage of people with the right skills with people who are unemployed or who need to go up the skills ladder. That is absolutely at the core of the work that the minister is doing.

Aileen McLeod (South Scotland) (SNP): I thank the cabinet secretary for his statement. Given that the European Commission has made clear that strengthening synergies and complementarities between the structural funds and the European Union's research and innovation programme, horizon 2020, will be essential for the funding period 2014 to 2020, what progress is the Scottish Government making on developing a Scottish approach to the smart specialisation agenda?

Alex Neil: Good progress is being made on the development of the Scottish smart specialisation

strategy. We believe that it will provide opportunities for us to share with others Scotland's particular strengths and expertise while enabling us to learn from other successful regions in Europe. For those who are unfamiliar with the programme, I explain that the purpose of smart specialisation is to encourage EU regions to develop a strategic approach that is based on their unique competitive advantages. Scotland has already been pursuing a smart specialisation approach through our focus on supporting and developing key sectors, thus placing us in a strong position to participate in the smart specialisation agenda.

A Scottish smart specialisation approach paper was submitted to the European Commission for review on 26 January and we will receive initial feedback from the Commission on our proposals later today. Over the summer, we will work to refine and develop our strategy with a view to officially joining the smart specialisation platform later this year.

Elaine Murray (Dumfriesshire) (Lab): The cabinet secretary referred to the excellent work that is being done through the LEADER programme. I hear what he is saying about synergies and integration, but can he reassure rural communities that that will not be to the disadvantage of community-led programmes and that at least a similar level of support will be available in the next tranche of structural funding as is available in the current tranche to address local development in rural areas?

Alex Neil: I very much agree with the member about the need for local and locally driven initiatives. Our experience, not just of European funding programmes but across many areas of Government, is that community-led initiatives are far more successful and long lasting than those that are handed down from central Government. I give the member an absolute guarantee that a major focus of all our efforts on European funds and beyond will be to help community-led regeneration. The LEADER project, in its various guises, is a good example of how community-led regeneration in rural areas can be very effective—I am totally at one with the member on that. That is a key part of our strategic approach.

The Deputy Presiding Officer: As there are a number of members who want to speak, more succinct questions and answers would be helpful.

Annabelle Ewing (Mid Scotland and Fife) (SNP): It is clear from the cabinet secretary's statement that, although we can expect many changes to the operation of structural funds post-2014, there will be opportunities for Scotland. It is important to bear that in mind.

On the importance of existing structural funding to renewable energy and the low-carbon economy, in the context of projects such as the Cardenden heat and power project in Mid Scotland and Fife, will the cabinet secretary confirm that, in relation to future European structural funds, the renewables and low-carbon economy sector will play a pivotal role, to ensure that European funding is made to work for Scotland?

Alex Neil: I can confirm that. The ERDF, in particular, has a clear focus on helping to fund the transition to a low-carbon economy. Indeed, 30 per cent of funding has been allocated in that way, amounting to about £90 million. The Cardenden heat and power project, to which Annabelle Ewing referred, is exactly the kind of project that we want to encourage throughout Scotland.

David Stewart (Highlands and Islands) (Lab): Does the cabinet secretary support the bid from the Highlands and Islands to gain structural funds under the new programme as a transition region? Does he share my view that access to a new generation of structural funds is vital for the Highlands and Islands economy and can help us to reach Europe 2020 targets for jobs, growth and a low-carbon environment?

Alex Neil: I entirely agree with the member. It is extremely important that the Highlands and Islands is regarded as a transition region, which will allow it to access the necessary funds to help to reinforce and expand the economy in the area. Although many parts of the Highlands and Islands—not least in and around Inverness—are doing particularly well, in many areas, such as parts of the Western Isles, there are still relatively high levels of unemployment and deprivation. We will need to continue to fund and invest in the Highlands and Islands between 2014 and 2020, to ensure that we bring the whole region up to a similar standard to that enjoyed by the rest of Scotland.

Jamie Hepburn (Cumbernauld and Kilsyth) (SNP): The cabinet secretary talked about the positive impact of structural funds in Scotland. What lessons have been learned from the current application of funds that can be applied to future programmes?

Alex Neil: There are a number of lessons to be learned, one of which is the need for better co-ordination and integration in relation to the use of the funds. Let me put things in perspective: we expect a budget of around £600 million in structural funds between 2014 and 2020; the European rural development fund is of a similar size, and there is much complementarity between the two funds.

That is why we are keen to move to a more integrated approach. If we had our way, we would

move faster to a much more integrated approach than the Commission is proposing. Nevertheless, we are taking the right direction of travel, because the ability to look at the funds in a more rounded way and to have a more integrated and co-ordinated approach will help us to get a bigger bang for the buck as we use the moneys.

Jim Hume (South Scotland) (LD): The cabinet secretary made much in his statement of ambitions on youth employment and integrating programmes to help in that regard, but the Government has yet to engage in the UK Government's £1 billion youth contract, which could help 16,000 youths on a work programme in Scotland to get a job, which the UK Government would subsidise. Will the cabinet secretary engage in and promote the youth contract as part of the integration of programmes, for the benefit of the people of Scotland?

Alex Neil: The Government works with the Department for Work and Pensions day in, day out on a range of programmes, including the youth contract. We will use any programme and any fund that will help to generate youth employment and reduce youth unemployment in Scotland, which is a key priority for the Government. We do not care if we have to sup with the devil to achieve that objective; the important thing is that we get young people into work.

Rob Gibson (Caithness, Sutherland and Ross) (SNP): I understand that the UK Government and some other member states do not support transition region funding. What is the Scottish Government's position on that? In relation to the creation of more jobs for young people, for example through the Nigg Skills Academy in my constituency, will the Government persuade people that such an approach, rather than switching the tap off at this stage, will generate steady improvement?

Alex Neil: The Scottish Government's position is very clear. We support both the concept and the practice of transition regions and, for a number of reasons, we are anxious to ensure that the Highlands and Islands continues as a transition region in the 2014 to 2020 programme. Rob Gibson referred to the opportunities for young people in the Highlands and Islands. In the past, one of the problems there has been depopulation, particularly as a result of young people leaving to get job opportunities outwith the area. Depopulation feeds unemployment, deprivation and poverty, and eventually erodes communities. It is therefore extremely important not just for youth employment but for the long-term economic sustainability of many communities in the Highlands and Islands that we get additional funding to ensure that the income per head and levels of employment in every corner of the

Highlands and Islands are not just brought up on average but brought up to the Scottish average and thereafter to the European average.

Patricia Ferguson (Glasgow Maryhill and Springburn) (Lab): Does the cabinet secretary believe that the sustainability of the future investment of structural funds is important and that the use of the structural funds should demonstrate clear added value to the possible use of other funding in the kind of work that the cabinet secretary has outlined? Does there need to be a legacy effect from the use of those funds? What might such effects be?

Alex Neil: Additionality is a key aspect of European funding. It is important that we continue to ensure that we get maximum added value from our European funding, which is why match funding rules and the like are in place. They are to ensure that we get a joined-up approach as often as possible.

In relation to sustainability, a very good example is the SPRUCE, or Scottish partnership for regeneration in urban centres, fund, which is a JESSICA, or joint European support for sustainable investment in city areas, fund. A total of £50 million is available for investment, albeit that it is loan funding, in regeneration projects in Glasgow and elsewhere. There are 13 qualifying authorities for the SPRUCE project. I think that it will make a major contribution to the regeneration of many parts of our urban areas in the years to come and that it will help to maintain not just the sustainability of the funds but, more important, the sustainability of urban communities.

Roderick Campbell (North East Fife) (SNP): I welcome the announcement of up to £25 million for youth employment from unallocated funds, but does the minister know yet how future funding is to be allocated across the programmes and across the UK?

Alex Neil: Unfortunately, it is too early to say that. We do not know the answer to that question, and it is likely to be months, if not even longer, before we do. However, in our wide-ranging engagement with our stakeholders, including the new Convention of Scottish Local Authorities, we want to ensure that the funds that are eventually allocated to and confirmed for Scotland are used most effectively, particularly in tackling major problems, such as youth employment. We also want to ensure that both urban and rural communities benefit from those funds and that they are targeted in the areas of highest priority need.

Fiscal Sustainability

The Deputy Presiding Officer (Elaine Smith):

The next item of business is a debate on motion S4M-02777, in the name of Kenneth Gibson, on behalf of the Finance Committee, on fiscal sustainability.

15:04

Kenneth Gibson (Cunninghame North) (SNP): I am pleased to open this debate on fiscal sustainability on behalf of the Finance Committee. I refer members to our summary of the written evidence and the paper by our adviser, Professor David Bell, and record our thanks for the work that the David Hume Institute has done in the course of our evidence taking on demographic changes, inequalities and socioeconomic deprivation, universal services and additional funding models. We took evidence from many individuals and organisations and we are grateful for their input and stimulating contributions. I also record my thanks to the committee clerks for their support, hard work and professionalism.

Recent years have seen a severe deterioration in the fiscal position of Governments worldwide. The financial crisis and recession have contributed to the largest United Kingdom peacetime budget deficit and a huge increase in the national debt. The UK macroeconomic situation clearly has implications for the discretionary element of the Scottish budget.

Given that context, the committee identified the four issues that I mentioned as key elements within the fiscal sustainability theme. There are many aspects to this, and we have only begun to scratch the surface, but our discussions were important in identifying key issues to pursue in more detail.

In my speech before Christmas on the draft budget, I said:

“Not everything can be a priority. The challenge of how to allocate funding is acute.”—[*Official Report*, 22 December 2011; c 5046.]

That is an important point to again highlight. Members will recall that the committee re-emphasised its focus on preventative spending, given the clear links between that and fiscal sustainability.

General projections are that the Scottish population aged 65 and over will increase by 21 per cent between 2006 and 2016 and will be 62 per cent bigger by 2031. The population aged 85 and over will rise by 38 per cent by 2016 and 144 per cent by 2031. The implications of that are obvious in a number of areas, such as the provision of universal services. Consideration

must be given and action must be taken now, across the whole public sector, to prevent or limit adverse impacts.

The Office for Budget Responsibility produces an annual fiscal sustainability report, which principally focuses on the costs associated with population ageing, including health and social care, and the sustainability of tax revenues. I highlight the importance of pension sustainability. The OBR looks at the fiscal impact of public sector activity—as reflected in the assets and liabilities that the public sector has accumulated on its balance sheet—and the potential impact of future activity, by examining how spending and revenues may evolve over the next 50 years and the impact that that would have on such assets and liabilities. Broadly speaking, the fiscal position is unsustainable if the public sector absorbs an ever-increasing share of national income simply to pay debt interest.

The International Monetary Fund, in a 2009 report on the international financial crisis, stated:

“In spite of the large fiscal costs of the crisis, the major threat to long-term fiscal solvency is still represented, at least in advanced countries, by unfavorable demographic trends.”

The OBR agreed, and said:

“policymakers and would-be policymakers should ... think carefully about the long-term consequences of any policies they introduce or propose”

to introduce

“in the short term.”

The 2010 report of the independent budget review recognised the influence that demographic shifts will have on our public finances, while Audit Scotland, in its report, “Scotland’s public finance: addressing the challenges”, said:

“There will be a significant change in the demographic profile of Scotland’s population over the next 25 years, which will increase demand for public services in many areas.”

Our budget adviser stated in his paper:

“Demographic change is one of the main prospective pressures on the Scottish budget.”

To outline some of the numbers, from 1951 to 2009 the life expectancy of Scots males increased from 64.4 years to 75.8 years, while that of females increased from 68.7 years to 80.3 years. In 1980, male life expectancy was 69.1 years and female life expectancy was 75.3 years. Males who retired at 65 in 1980 could expect to live only a further 4.1 years, and females who retired at 60 could expect to live for 15.3 years. In 2009, males could expect to live for 10.8 years after retirement, while women could expect to live for 20.3 years. The increase in the average number of years

spent in retirement has obvious pension and other costs.

In evidence to the session 3 Finance Committee's inquiry on preventative spending, the Convention of Scottish Local Authorities stated:

"when we look at the structural problems that we face around health and social care, we often examine the issue in budgetary terms, because it is well known that ... there will be a diminishing amount of public finance available in Scotland. However, that is not the major problem. It is demographic change that will create the primary challenges in the health and social care networks throughout Scotland."—[*Official Report, Finance Committee*, 16 November 2010; c 2736.]

Audit Scotland stated in its report:

"Demand for health and social care ... is particularly high among older people, particularly those aged 75 and over. An increasing older population is likely to lead to more people living longer with health problems such as diabetes and chronic obstructive pulmonary disorder requiring ongoing care. At the same time, the public's expectations of services delivered by the NHS have risen. For example, it may be difficult to maintain recent improvements in waiting times for treatment when there is significantly higher demand for these services."

That issue is not wholly within the cabinet secretary's portfolio, but I would welcome his comments on any projections that the Scottish Government has made on the impact of the increase in non-healthy older people on future budgets and its strategy for addressing that impact.

The committee agreed to take forward an inquiry on demography and the ageing population, and health and social care will feature in that.

An issue that was highlighted in oral and written evidence was the provision of housing and, in particular, the number and type of properties that are provided. The Joseph Rowntree Foundation identified the trend whereby our society has more people living in single-person households. In all likelihood, more of us than ever will arrive in old age living alone. The Scottish Government has published "Age, Home and Community: A Strategy for Housing for Scotland's Older People: 2012-2021", which looks at the implications for housing and what might be done to ensure that the right type of housing is available in future years. I am sure that the chamber would welcome any update that the cabinet secretary can provide on the projections that the Scottish Government has made on the volume, type and quality of housing that will be required to meet the demands of an increasingly older population.

I want to flag up some points that were made about the impacts on the labour market. Scotland's working-age population is projected to increase by 7 per cent between 2010 and 2035. Releasing the talents and energies of the over-65s is important, because many people have the

abilities and the will to keep on working. That is no bad thing, but we must reflect on the impact that more over-65s in the labour market might have on younger people. The inability of a young person to get into the labour market and to start paying into his or her pension could cause long-term financial burdens. Small pensions are a root cause of poverty among older people, while large pensions create funding difficulties for national Governments.

It would be interesting to hear from the cabinet secretary how the Scottish Government balances the provision of encouragement and support to older people who wish to remain in employment—which has associated positive health and other benefits—and who make a contribution through paying taxes and creating growth and wealth, against the creation of opportunities for younger people to enter the job market. Further to that, it would be interesting to find out what assessment the Scottish Government has made of the extent to which the current economic climate is causing older people to remain in employment for longer.

I turn to inequality and socioeconomic deprivation. Our focus was on improving the employability of individuals who are experiencing high levels of multiple deprivation. The Joseph Rowntree Foundation emphasised the need for "an almost obsessive focus" on employability. We recently took evidence on the Smith group recommendations on youth unemployment, and we will shortly hold a series of round-table discussions on employability.

On preventative spend, the Christie commission said:

"The greatest challenge facing public services is to combat the negative outcomes for individuals and communities arising from deep-rooted inequalities."

In our budget report, we asked the Scottish Government what plans it had to introduce a new set of statutory powers and duties, common to all public service bodies, that were focused on improving outcomes and which included a presumption in favour of preventative action and tackling inequalities. In its response, the Government said that it had not yet reached a firm view on whether there was value to be gained from introducing such additional powers and duties over and above those that already exist. An update from the cabinet secretary on that would be appreciated.

The value of employment in reducing inequalities was a common theme. The Improvement Service stated:

"If you look at all the data across every community in Scotland, you see that people in employment enjoy far better outcomes in terms of health, wellbeing, safety and so on than people who are not in employment",

and that

“even if you are on a low income, it is better to be in employment than not to be in employment.”—[*Official Report, Finance Committee*, 18 January 2012; c 521-2.]

Its report, “Making Better Places, Making Places Better: The Distribution of Negative and Positive Outcomes in Scotland”, highlights the fact that the gap between the top 20 per cent and the bottom 20 per cent is the widest in developed Europe, with the bottom 20 per cent at age 15 performing as if they have had five years less schooling than the top 20 per cent.

A similar point was made in evidence on the initial findings from the growing up in Scotland study, which show that the gap found between the cognitive abilities of children from more advantaged social backgrounds and those of children from less advantaged social backgrounds at the age of three persists at the age of five and beyond. The largest differences in ability are between children whose parents have higher educational qualifications and those who have lower ones. There are clear links between that and how we prepare individuals for later life and their opportunities for securing employment. The issue will feature in our employability evidence sessions, the findings from which will inform our focus on sustainable economic growth as we scrutinise the draft budget 2013-14 in the autumn.

I turn to the provision and funding of universal services, by which I mean concessionary travel, free personal and nursing care, prescription charges, eye examinations, school meals and tuition fees. Audit Scotland has estimated the combined annual cost of free personal and nursing care, concessionary travel, eye tests and prescription charges to be £870 million. Given that we have a rising and ageing population, such costs are likely to increase substantially. Our discussion was not about deciding whether a particular service should remain free, but we must be open to considering the costs of such provision.

The Scottish Government has committed to maintaining universal services over the course of the spending review, but we must consider funding that sustainably. One option may be to evaluate each service to determine who benefits and whether more criteria should be attached to each service, for example by changing the admissibility rules. There is a need for sound and relevant data on that, and we will hold an evidence session next month on data collection.

As the IBR said in its report,

“the issue is not one of desirability but of affordability”.

There are legitimate questions to be asked around provision and entitlement. However, any such consideration must be balanced against any increased cost in administering such schemes.

Saving money by limiting or removing an entitlement but spending a similar amount on means testing makes no sense. It would be useful to hear from the cabinet secretary on the sustainability of universal services in the wider context of an ageing population.

The final issue was additional funding methods. For the Government, social impact bonds can remove the financial risk of services that prove to be ineffective at addressing social needs and improving outcomes. For investors, they offer a mission-aligned investment opportunity, as well as a potential return on investment. For service providers, they provide up-front funding. Finally, for the public and service users, they pay for services that fill a gap in existing provision.

The use of social impact bonds is in its infancy, as is the concept of payment by results, but there is a growing consensus that past mechanisms for investing in deprived communities have not worked. Sound evaluation is required of their use, outcomes and whether they bring greater success, and there is also a need to consider the scalability of such funding methods. Pilots that are being run in England are being monitored by the Scottish Government. Perhaps the cabinet secretary can advise the Parliament of any initial thoughts that he has on social impact bonds and the scope for roll-out in Scotland.

The committee looks forward to delving deeper into some of the issues that have been mentioned. I hope that the committee’s work will inform the contributions of members this afternoon and in the future.

I move,

That the Parliament notes the summary of evidence of the Finance Committee’s series of roundtable discussions on fiscal sustainability.

15:17

The Cabinet Secretary for Finance, Employment and Sustainable Growth (John Swinney): I thank the Finance Committee for advancing the subject matter of this debate and for the evidence-taking sessions that it has organised, because the issues relate significantly to the future of public services in Scotland. I thank Mr Gibson for framing this debate in such an open and comprehensive way.

I followed with interest the round-table sessions that the committee held with interested parties earlier this year. I was pleased to hear Mr Gibson say that the issues that were raised will be the subject of further inquiry and investigation at subsequent committee sessions. As the convener said, the committee concentrated on the themes of demographic changes; inequality and socioeconomic deprivation; universal services;

and additional models of finance. I confirm to Parliament that those are four major subjects that are considered by all ministers in the Administration in formulating the proposals that we advance to Parliament as part of the Government's programme.

When debating our approach to issues of fiscal sustainability, we must always have the values of the people of Scotland very much in mind. I believe that the people of Scotland want to live in a country that creates opportunities for people to earn a living and to look after themselves and their families, and that they want us to ensure that we create public services that support our people, particularly the most vulnerable. The Scottish Government's approach to financial sustainability, to economic growth and to our public services is founded in what I would characterise as those social democratic values.

Sustainable economic growth is not an end in itself but is the key to unlocking Scotland's potential and strengthening our greatest asset, which is the people of Scotland. It is the avenue through which we can deliver a better, more prosperous and fairer society. Growth and jobs are critical not just to our economy, but to achieving and sustaining a range of health and social outcomes that are, in turn, central to continued economic growth and to the effective use of public resources.

On that point, I agree fundamentally with the argument of the Finance Committee's convener that maximising employment and minimising unemployment in our society must be at the heart of the Government's interventions and the focus of policy making. Particularly in this current period of acute financial difficulty, maximising employment will be the best way of alleviating some of the wider negative health and social outcomes that are becoming so commonplace in our society.

Ken Macintosh (Eastwood) (Lab): How does the £100 million cut to the housing budget help to secure either of the two aims, which the cabinet secretary has just highlighted, of economic growth and employment?

John Swinney: The problem with the point that Mr Macintosh frequently makes on this matter is that he wants us to spend money that we do not have. What is beyond dispute is that I have fully allocated the resources that the UK Government has allocated to me for capital expenditure purposes; I have also added some of our revenue expenditure to our capital budgets. To add to our capital programme, we have introduced the non-profit-distributing model, which is one of the alternative sources of finance that the Finance Committee has highlighted. However, despite all those additional components, the capital budget is still lower than previous budgets we have had

because of reductions in capital expenditure. I also point out that the capital budget that has been introduced by the UK Conservative and Liberal Administration is exactly the same as that which was proposed by the previous Labour Government.

Ken Macintosh: That is not true.

John Swinney: Mr Macintosh might dispute the point, but I am very happy to confirm to Parliament that the proposal that was taken forward by the Conservative and Liberal Government is the same as that which was proposed by the previous Labour Government. Those are the facts of the matter. I simply cannot allocate money that I do not have.

Of course, that all takes us into the territory of judging whether Scotland should have more capability to raise and have control over revenue, either through the borrowing powers in the Scotland Bill or the wider financial powers that the Government is seeking to obtain for Scotland through constitutional change. However, Mr Macintosh cannot assert that the Government has done anything other than fully allocate the capital resources at our disposal. Indeed, we see that as the means of maximising employment in our society.

As part of our approach to the UK Government, especially now that the UK has moved back into recession, we have put forward a proposal to supplement and expand our capital resources in order to increase employment in our country. Perhaps Mr Macintosh and I can at least agree on that.

The linkages between employment and good health and social outcomes in Scotland are central to the Government's agenda and are reflected in our policy programme. To ensure financial sustainability, the Government must bring forward proposals that ensure that we use our resources to support our financial commitments. Of course, the starting point in any analysis of fiscal sustainability is the Government's record. We have balanced five budgets against the backdrop of significant public expenditure reductions; we have pursued and continue to pursue an efficient government programme to ensure that the resources allocated to us are used wisely and effectively in support of the Government's priorities; and we have decluttered and simplified Government and are working to apply the approach more widely. All that is being done to maximise the sustainability of the public finances.

Adding to all that the guidance supplied by the Christie commission's findings, which we have accepted, we are building our approach to public service improvement and, in turn, public service sustainability around four key pillars of thinking:

first, a decisive shift towards preventative expenditure, which was very much at the heart of the Finance Committee convener's comments; secondly, stronger collaboration and partnership, which in the short term is being taken forward principally in the proposals that we are progressing in partnership with our local authority colleagues to integrate adult health and social care provision; thirdly, greater investment in the people who deliver public services through workforce development; and, finally, a much sharper focus on improving performance across public services to expand the effectiveness—

Ken Macintosh: Will the cabinet secretary take an intervention?

John Swinney: I must decline, but I will be happy to deal with the issue during my summing-up speech.

We have set out in our programme some decisive measures to support preventative expenditure to realise the ambitions that were set out by the Finance Committee's convener; I refer to the £270 million early years change fund, the £300 million fund for older people's services, and the reducing reoffending fund. With all those funds, we are determined to ensure that we reduce the demand on public services by providing more effective interventions.

On employment, we have strengthened the resources that we are putting into the youth employment strategy. Mr Neil has just given Parliament further details on that. That strengthening is being done to ensure that we support the process of employment creation.

The convener of the Finance Committee asked about social housing. I confirm that the number of social houses that have been built in Scotland in the past four years is more than double the rate per head in England and Wales. That demonstrates the Government's commitment to social housing.

I will be very happy to make more detailed comments about universal services in my concluding remarks. The Government believes that the provision of universal services is an important part of reflecting the values and aspirations of people in Scotland, who want quality public services. Our citizens want to have access to universal services that meet the needs of individuals. The Government has provided the financial resources to ensure that that happens, and we are confident that it can be done in the future into the bargain.

The Government is determined to ensure that we take a sustainable approach to public finance. Many of the Finance Committee's comments are helpful in advancing that agenda and I look

forward to continuing a dialogue with the Finance Committee in the months and years to come.

15:26

Ken Macintosh (Eastwood) (Lab): Listening to the mellifluous and soothing sounds of the cabinet secretary, for one second I forgot that we are in the middle of a recession and that 100,000 young people and 100,000 women are out of work in Scotland. One would never have believed that from the way in which the cabinet secretary has just described the Scottish economy.

I thank members of the Finance Committee for this afternoon's debate. In particular, I thank my colleagues for keeping me up to speed with what was clearly an informative and stimulating series of round-table discussions. Conflicting demands for funding on the one hand and the short-term electoral cycle on the other are just two of the many obstacles in the way of good governance, and they can prevent sustainable decision making. I welcome today's opportunity to look forward into the long-term future.

However, from the start I should highlight my worry that sustainability is not a neutral concept. Certainly, there is not always unanimity about the criteria that we bring to bear in assessing what is or is not adjudged to be sustainable. A current example of that is the Tory Government's obsession with keeping our AAA credit rating. The Tory Government defends the acceptability or fiscal sustainability of its austerity programme on the basis that it will reduce our indebtedness, but who decides how fast we must reduce our borrowing, or what level of public debt is acceptable?

Joe FitzPatrick (Dundee City West) (SNP): Will the member give way?

Ken Macintosh: One second.

According to the Tories, we should look to the credit rating agencies, such as Moody's or Standard & Poor's, which are the very organisations that gave AAA ratings to collateralise debt, or the sub-prime mortgages that sparked the global recession. Does anyone in the chamber believe that we should assess the sustainability of our economy or society solely, or even primarily, on the judgment and values of credit rating agencies?

The Deputy Presiding Officer: Mr FitzPatrick, you will have to put your card in your console.

Joe FitzPatrick: Oops. [*Interruption.*]

The Deputy Presiding Officer: We still do not have sound from Mr FitzPatrick's microphone. [*Interruption.*] Thank you.

Joe FitzPatrick: Does the member think that Alistair Darling's judgment was correct when he made proposals to cut the capital budget that are now being implemented by the Conservatives at Westminster.

Ken Macintosh: My colleague Michael McMahon has just pointed out that that intervention was not worth the long build-up.

I refute utterly the suggestion that the current Tory budget is the same as the one that the previous Labour Administration proposed. What a load of nonsense. There is no evidence whatsoever for that. Perhaps Mr Swinney in summing up will produce evidence that somehow the Tory Administration produced the same budget. By the way, it has just borrowed an extra £150 billion from the borrowing markets.

John Swinney: Will the member give way?

Ken Macintosh: Mr Swinney can address the issue in his summing-up speech. I want to make progress.

The committee's report contains an excellent section on inequality in Scotland. That issue was summed up by the representative of the Poverty Alliance, who stated:

"in our policy making we need to bring economic and social objectives much closer together than we do at present."—[*Official Report, Finance Committee*, 18 January 2012; c 530.]

We are not here simply to serve the economy and certainly not financial institutions—it is the other way round. I will return to the social and economic objective of achieving higher levels of employment, which emerged repeatedly in the evidence to the committee.

In much of the committee's discussions, there was an implicit assumption, or at least a working one, that accepted the current balance that we strike between taxes and spending. I do not suggest that the sustainable answer to every difficult spending decision is to put up taxes—far from it—but I believe that we need to be more transparent and talk more publicly about the relationship between the taxes that we contribute and the services that we share and enjoy. I believe that my party needs to contribute to that discussion.

The minister will be familiar with my anxiety that the Scottish National Party talks constantly about low taxes and high public spending. That is not a sustainable position and, frankly, it undermines the Government's authority. For example, can we afford care for the elderly? In simple terms, of course we can. We are the sixth or seventh richest economy in the world, so of course we can afford it. The real question is whether we have the public support and political will to do so.

One of the most illuminating contributions was from Dr Jim McCormick, who said:

"One unsustainable faultline that is built into our system is the fact that we spend about four times more on emergency admissions to hospital for the over-70s than on the entire free personal nursing care budget."—[*Official Report, Finance Committee*, 11 January 2012; c 472.]

On the surface, that is a perfect example of an issue on which the political parties could work together to make more fiscally sustainable choices. We are in general agreement on the preventative spending agenda. If we could reduce emergency admissions for older people, we could meet health, social and fiscal objectives. Unfortunately, the political reality is that hospital reform, for example, is incredibly difficult to put into practice, as the Labour Party found out to our cost.

I have been trying to work out how to say this delicately, but I do not think that I can, so I will just say openly that many of us in the Labour Party believe that the SNP is opportunistic and populist. Short termism is seen as the hallmark of the SNP Administration. I say that not to raise the temperature of the debate, but simply to highlight the need for us to find a sustainable political mechanism that allows room for such choices to develop. Even when we share objectives, reaching agreement on long-term tax and spending is extraordinarily difficult. I note that the committee did not make specific recommendations, yet it is pretty clear that we must think about fiscal sustainability across a range of political choices right now.

I return to what I thought emerged as the strongest line of sustainable policy development in the evidence to the committee: job creation or tackling unemployment, which was raised repeatedly by witnesses as the key. Colin Mair from the Improvement Service said:

"On the basis of the evidence, I think that the most preventative thing that you can do for people is to ensure that they are employed."—[*Official Report, Finance Committee*, 18 January 2012; c 521.]

Those comments were echoed by the Wise Group and others. I found even more interesting the comments about viewing the public sector not just as a provider of services, but as an employer. That is quite the reverse of the UK Government position and flies in the face of the fact that the SNP has lost 25,000 public sector jobs in Scotland alone.

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

The Deputy Presiding Officer: I am afraid that the member is concluding.

Ken Macintosh: There were further illuminating suggestions about job creation.

When the Government is faced with difficult decisions, it must make clear whether it is cutting back because we, as a country, cannot afford it, or whether we are choosing not to afford it. I am optimistic that this debate will help to illuminate that perennial and difficult political discussion.

15:34

Gavin Brown (Lothian) (Con): I suppose that I am slightly biased because I sit on the Finance Committee, but I think that the work that the committee has carried out in the past couple of months is extremely important and will play a valuable role in the work of the Parliament and the Government.

The convener got it absolutely right when he said that we have barely scratched the surface on the subject. We had a number of wide-ranging sessions that covered a breadth of issues, but we barely scratched the surface of what can and must be done in the next few months and years.

The subject of the committee's first session was demographics, on which a number of members have touched. The OBR put it neatly when it said:

"the public finances are likely to come under pressure over the longer term, primarily as a result of an ageing population."

At the start of the debate, Kenneth Gibson gave us the statistics about the large increases in the number of people aged 65 and over and even greater increases in the number of people aged 85 and over. The number of people aged 85 and over will have increased by 38 per cent by 2016 and by 144 per cent by 2031. That will have an impact on our public services, regardless of who is in Government and who is sitting in the Parliament. That must be borne in mind for every policy that we put forward from now on and for the existing policies that we need to review in the coming period.

Although that is, in many ways, obvious, I was struck by an observation made by Professor Charlie Jeffery when he gave evidence to the committee. He said:

"A decade or more ago, we were in danger of painting older people as a terrible problem and a fiscal calamity that faced us all. However, we have quite successfully moved to a different concept of older people as active citizens who make a valuable contribution to our society."—[*Official Report, Finance Committee*, 11 January 2012; c 473.]

Although policy makers have to take many points on board, Professor Jeffery's observations are worth having at the front of our minds, because a 65-year-old in 2012 does not compare to a 65-year-old 30 years ago. Because of advances in medicine and the increase in life expectancy, somebody aged 65 today can make a far bigger

contribution than someone aged 65 could just decades ago.

Every member who has spoken so far has mentioned preventative spending. I am happy to acknowledge the work done by the Scottish Government and, in particular, John Swinney, in the last budget to try to create a shift of both money and the overall culture towards preventative spending. It is important that that be monitored very closely. The funds that John Swinney mentioned are a positive step, but we must ensure that that money is spent on genuine preventative spend instead of plugging gaps or being spent on emergencies.

That point was well made by the SCVO when it gave evidence to the Finance Committee. It felt that in one of last year's funds—this is only its view—only 18 per cent of the money was going into preventative spend. I know that the cabinet secretary disputes that figure, but it highlights the point that we must monitor very closely whether the money that we say goes to preventative spend actually goes to it.

That also means that we must have a tighter definition of exactly what we mean by preventative spend.

John Swinney: I reassure Mr Brown that one of the pillars of the public service response to the Government is about strengthening the process of performance assessment of relative provision in different localities and establishing whether the objectives are being met. I am very open to that issue being probed and pursued to guarantee that the objectives, which I think we all broadly agree upon, are fulfilled in the way in which the funds operate.

Gavin Brown: I accept the cabinet secretary's point. The fund to which the SCVO referred was in its initial year and was referred to as a pilot, so there were bound to be teething problems.

We need a tighter definition of preventative spend because just about every agency or department that has given evidence to any parliamentary committee claims that what it does is preventative spend and that by investing more money into that department and its policy area money is saved in the longer run. I have yet to meet a single department or agency that will stand up and admit that what it does is not really preventative spend. If, as a Parliament and as a country, we are to focus our resources properly, we must be quite robust about what we consider and do not consider to be preventative spend.

The issue of how important it is to track what we do and to have a clear evidence base for the priorities that we choose and shape has already been touched on. If we pursue this agenda, there will be some losers in the short term. With a finite

source of money, if money is shifted to preventative spend from elsewhere, somebody, by definition, loses out in the short term. One difficulty that we all face is that to get results under the preventative spend agenda takes a substantial amount of time, and often the department that puts the money in is not the department that sees the benefit, whether it comes five or 10 years down the line.

There is a broad political consensus about the direction of travel. There will be debate about some of the issues, but the Finance Committee has driven the agenda and I was pleased to learn that it will take it forward in the months to come.

The Deputy Presiding Officer: We now turn to the open debate. Speeches will be six minutes long, with a bit of leeway for interventions.

15:40

Paul Wheelhouse (South Scotland) (SNP): As a member of the committee, I am delighted to speak in potentially one of the more important debates that we have had since I was elected last year, as the outcomes of the decisions that are made on the issues may well define Scotland as a nation and say something about what sort of society we wish to have.

Members should make no mistake: the debate is not only about cost, but about what values we hold, as the cabinet secretary said. Can we afford to sustain the level of investment that we make in the universal benefits and services? We absolutely can, but that will involve choices, some of which may be difficult.

Sustaining that level of investment also depends on resuming economic growth, as confirmed by Philip Grant of Lloyds Banking Group, who suggested to the committee that our social protection system is sustainable as long as we generate the economic growth to fund it.

Scotland is exposed to Conservative policies inflicted on us by the Tory-led UK Government, and only independence will allow Scotland's long-term financial sustainability to be in our own hands. While we remain in that unequal union, the creeping privatisation of the NHS south of the border can, through the Barnett formula, have profound implications for the funding of our NHS, even if we are steadfast in our opposition to privatisation. That is grossly unfair, because we should be the masters of our own fate and not be at the whim of policies that are supported by a tiny minority in Scotland.

If Scotland was treated as an independent nation for statistical purposes, as per "Government Expenditure and Revenue in Scotland"—and as acknowledged by Mr Macintosh, I believe—it

would be the sixth wealthiest nation per head and one with an exciting future.

Ken Macintosh: I was referring to the UK.

Paul Wheelhouse: I say to Mr Macintosh that the UK was 16th in that list, not sixth.

If we focus purely on the cost of everything and the value of nothing, the debate will miss an important dimension of the spending about which we are talking and which other members have mentioned: much of it is preventative.

Preventative spending not only reduces negative social outcomes but delivers better value for the taxpayer. For example, our early years investment fund is investment in the future. Short-term savings from pre-birth to five years of age could be as much as £37,400 in the most extreme cases.

We know that education investment, whether in the form of expanding nursery provision from 475 hours to 600 hours or the implementation of improved teaching methods such as the curriculum for excellence, can be hugely beneficial, particularly in the early years. Improved educational attainment can not only lift people out of poverty but make them more confident citizens and move them into a lifestyle pattern that improves their health, increases their longevity and adds years more with a good quality of life.

The Scottish National Party Government is committed to introducing an integrated health and social care system—an objective that members in other parties share. It will help to sustain a system that better flags up when individuals and families are at risk. I am particularly pleased—as are other members of the committee—that we are rolling out family nurse partnerships to ensure that the needs of the children who are most at risk of negative social outcomes are addressed and that we break the cycle of transgenerational poverty.

Our preventative spend agenda will help us to cope with a growing elderly population despite Westminster's cuts. We are committed to a change fund for older people's services worth £300 million over 2011-12 to 2014-15. We are also committed to free personal and nursing care, as well as more general schemes, such as the warm homes fund, which allows our elderly and other vulnerable groups to enjoy a warm home as well as tackling fuel poverty.

We heard from independent academic and third sector organisations that investment in concessionary travel and free personal and nursing care, which benefits more than 50,000 older vulnerable people, will allow our older citizens to enjoy greater independence in their later life and will avoid hugely expensive and often suboptimal solutions, such as delayed discharge.

In that respect, Charlie Jeffery, who has been quoted already, said to the committee:

“we can get fixated on the headline costs of things such as free personal and nursing care without thinking of the money that we would have to expend if such care was not there.”—[*Official Report, Finance Committee*, 11 January 2012; c 481.]

One serious issue that needs to be highlighted from the oral evidence is that we mistakenly assume that, in future, people who are, say, 85 years old or more will be just as healthy as those of that age whom we see today, when the opposite may be the case. Years of poor lifestyle choices, higher consumption of alcohol, bad diet, a lack of exercise, sedentary working practices and environmental influences will mean that many more of us can perhaps look forward to our later years being affected by one or more chronic medical conditions, compared with those who are 85 or older today. As Gavin Brown said, strong growth is projected in the number of people over that age up to 2031.

Although many witnesses were reluctant to volunteer areas of spending that we should cut in order to grow spending on prevention, it is clear that we will face some hard choices in the future and that, as the need for acute services falls, some remodelling might be needed.

We need to engage with stakeholders and challenge civic Scotland to think big and throw aside the silos, whether they are financial or organisational. We need to think carefully about what we can deliver by using funds more creatively so that we can sustain preventative spend in the face of the demographic change that we expect. As we heard in the committee's discussions, we must also consider the cost of administering means testing. Many of the witnesses who talked about cancelling universal benefits were unable to quantify the costs that administering means testing might generate. We must look not only at the costs and benefits of services, but at the costs that we avoid by not means testing them.

In conclusion, the social wage and the protection of the most vulnerable people in our society must not merely be about money.

15:46

Elaine Murray (Dumfriesshire) (Lab): I joined the Finance Committee just as its evidence taking on fiscal sustainability was starting, so I am not congratulating myself in saying that the sessions were very worth while and that they produced some extremely thought-provoking evidence. As others have said, the four main themes—demographic change, inequality and deprivation, universal services and additional methods of finance—are all worthy of more detailed

consideration, and indeed they will receive it, than was possible in the four evidence-taking sessions that led to today's debate.

I hope that members who speak in the debate will be able to refer to the evidence that witnesses presented to us without ridiculous accusations being made that that evidence is the policy of the party to which the member belongs. Unfortunately, such accusations were made in one of our debates earlier this year. Members of Opposition parties should be able to listen to and refer to evidence that is presented to committees without ministers making inferences about the policies of those parties either in the Parliament or on television programmes. However, I am hopeful that the Cabinet Secretary for Finance, Employment and Sustainable Growth is less likely to do that than some of his colleagues are. The issues that were flagged up to us are serious and we ought to be able to discuss them properly.

As we all know, constitutional change is under way. The UK Parliament has now passed the Scotland Bill and there is much discussion about the degree of future change. Many of us would like to go further and some of us would like to go in a different direction, but we all know that there will be change. That means that there needs to be a debate about what the change is for. Given that the Parliament will have more control over its budget, how do we want to use that power? That discussion needs to take place more widely than simply here in this Parliament.

The committee's budget adviser, Professor David Bell, provided us with a preparatory paper that included information on tax take as a percentage of gross domestic product. In Scotland and the rest of the UK it is about 35 per cent, in the United States it is about 25 per cent, and in Scandinavian countries it is around 45 per cent, or up to 48 per cent in Denmark. Any changes that we decide to make regarding personal or business taxation will affect the way in which we can sustainably provide services and the degree to which free universal services can be provided. It is a difficult choice, but we have to accept that.

Audit Scotland advised us that the cost of the universal free services that the Scottish Government provides is £875 million and rising. Both Professor Bell and Professor Jeremy Peat expressed the view—I make it clear that this is their view and not my view—that those services should be reviewed periodically, including consideration of the other options to which those funds could be applied, although Professor Peat also reminded us of a point that Paul Wheelhouse made, namely that the administrative cost of applying criteria to eligibility for services must also be taken into account.

One of the themes that came from the evidence was the need for better data on which to base decisions, and the need for data to be available at the appropriately local level. For example, we know—others have referred to this—that over the past 60 years, life expectancy has risen by 18 per cent for males and by 17 per cent for females. Unfortunately, healthy life expectancy is lower in Scotland than it is for the rest of the UK; therefore, people will be living longer in poor health, requiring medical intervention. That is not uniform throughout Scotland, though—it is more likely in some areas of the country than in others.

Other members have referred to the advice to the committee that the cost of emergency admissions to hospital for the over-70s is four times the budget for personal care of older people. That is an astonishing statistic. However, although interventions that prevent emergency admissions could have significant benefits to the NHS, we were advised by Professor Bell that, for example, the evaluation on telecare interventions was insufficient.

Other interventions that enable older people to live a healthier life at home, such as aids and adaptations, and sheltered accommodation, are provided by other agencies that do not benefit from the health service savings. Gavin Brown referred to that.

John Swinney: Dr Murray makes a substantive point about emergency admissions to hospital for the over-70s. I encourage her to decouple her view from the telecare link and focus more on the adult health and social care integration proposals from the Government. Those proposals will be a more decisive contributor to reducing emergency admissions than the telecare proposal, which is much more about sustainable access to health care services throughout the country.

Elaine Murray: That is one example where there is insufficient data.

The point was also made about single outcome agreements being at council-wide level, when councils sometimes need to have the data at a much more granular level to be able to make specific interventions, particularly in areas of deprivation.

The committee took evidence on payment by results and social impact bonds as alternative methods of funding, particularly of preventative spend. That was interesting, although they sounded a bit like private finance initiative for services, which might make people feel a bit cautious about them. There are also issues about how they are evaluated and over what timescale, how the payments are made, and how long the investor will be prepared to wait for results.

Finally, as others have said, the evidence could be a starter for totally new inquiries. Some of the ideas presented to us were controversial and some challenged accepted ways of doing things. However, we need to give them consideration, even if, in the end, the solutions offered are not accepted. There is a lot of material that is worthy of consideration in this inquiry.

15:52

Margaret Burgess (Cunninghame South) (SNP): I, too, thank the Finance Committee for its work on the report. The summary of evidence clearly identifies the key issues and highlights the challenges ahead for the Scottish Government and the Parliament.

Like Paul Wheelhouse, I think that we must start by looking at our values. What are the values of our people and what are our ambitions for our people and our country? The Scottish Government has the right vision, which is of a Scotland that is economically secure, prosperous, healthy and socially just. We should never forget that that is what we are aiming for.

The preventative spend agenda, which has cross-party support, is supported by all the witnesses who gave evidence to the Finance Committee. Focusing on preventing problems by intervening earlier is the right approach to tackling many of the social issues facing us. It also secures better value for the taxpayer and ensures the sustainability of our public services.

Several members have mentioned the Government's preventative spend agenda, which will support adult social care with the introduction of an integrated health and social care system. If it is done properly, the hope is that the system will reduce emergency admissions to hospital and give children the best start in life with the early years and early intervention change fund. There are also plans for improved childcare provision, and the system will help us to cope with a growing elderly population. Everyone so far has mentioned that.

We should not consider the growing elderly population to be a problem and it concerns me that we do. As someone said, older people can contribute to the workforce. We should welcome the fact that people are living longer and should ensure that they have quality of life. Preventative expenditure should mean that as people get older they will need less help from the NHS and social services. If we use preventative spending correctly at this stage, it should bring savings at the end of the day.

I was interested in what has been said about tackling inequalities despite the Westminster cuts. I will focus on inequalities and universal services, which were topics of the committee round-table

discussions. I was struck by the evidence of Peter Kelly of the Poverty Alliance, who said that unless sustainable growth was inclusive, we would retain the poverty trap and the gap between the top and the bottom 20 per cent. We must focus on that, because unless we remove the poverty trap and have real employment and jobs for people, we will not move forward and, as the report said, people will move in and out of poverty and will have no real advantage.

James McCormick of the Joseph Rowntree Foundation highlighted that more children in poverty in Scotland live in families in which someone is in work—it is important to remember that. We should continue to promote the living wage because it is a way out of poverty for many who are in work, but I recognise the value of the social wage for many of our hard-pressed families. In addition, the council tax freeze, free prescriptions and free eye tests keep many families out of debt and poverty.

There has been criticism of universal benefits such as free prescriptions, but we need to remember that many low-income families and people on long-term incapacity benefit had to pay for their prescriptions. Those with long-term illnesses and chronic conditions who required a number of medications found it particularly difficult to afford to pay for them. Some people went without because they did not have the money for their prescription. As Andrew Walker said in evidence, there is no evidence that free prescriptions or free eye care cost more. The point has been made that means testing some benefits could negate any saving that might be made. I consider free prescriptions to be preventative.

I also consider concessionary travel to be preventative spend. As I said earlier, we welcome people living longer, but they need to have quality of life. Free bus travel has definite health benefits. It allows people to get out and meet other people and get fresh air; and it keeps them mobile, because they get around and walk to bus stops, for example. Means testing that benefit would mean that people on the margins would lose out.

During the recent local elections campaign I talked to three people in their 70s who said that they could not do without the bus pass, which was a life saver for them. They are on the margins and do not qualify for pension credit, so they would not qualify for a bus pass under a means-tested system. They value their bus pass highly and know that it keeps them going. One said to me that if they did not have their bus pass and could not get out, they would be sitting at home looking at four walls. Is that what we want for people? That will not help, because it will cost us more at the end of the day. Individuals in such circumstances will require more healthcare and

more interaction with our social services. As Paul Wheelhouse said, it is about values. We do some things because it is right to do them, and that is the case for the bus pass.

I am sorry that I have to wind up, because I have a lot more to say. I agree with Paul Wheelhouse that we are living within a fixed budget and that only when we get independence and have fiscal autonomy will we get the Scotland that we want.

15:59

Jamie Hepburn (Cumbernauld and Kilsyth) (SNP): Before addressing the crux of the debate, I thank the Finance Committee for the debate. It is useful that the Parliament can hold debates that are on not a committee report but the evidence that has been presented to a committee. The Education and Culture Committee has held a similar debate. Such debates are useful in allowing committees to take a better-informed approach to their work programmes, having heard what the Parliament has to say. I look forward to the Finance Committee looking at fiscal sustainability in more detail, and I hope that other committees will follow its approach in bringing to the chamber subjects for debate.

Today's debate is about an important issue. It is self-evident that we must ensure the sustainability of public expenditure. However, the term "fiscal sustainability" could be thought to be loaded, as Ken Macintosh said, and could mean different things to different people.

I say clearly from the outset that I do not share the UK Government's perspective on fiscal sustainability. Its hawkish approach to deficit reduction is harming the economy. Mr Macintosh referred to the fact that the UK economy has re-entered recession. It is evident that the UK Government's approach has contributed to that. Indeed, Paul Krugman has referred to the

"death spiral of self-defeating austerity."

As the Scottish Government has said, there is a clear need to inject capital spend to get the economy moving. However, we cannot act in a long-term spendthrift manner. It is clear that any public expenditure must be sustainable in the long term. That applies particularly in the devolved context, where we have a fixed budget and our fundraising capability is legally constrained—John Swinney set that out usefully in his response to an intervention from Ken Macintosh. Thankfully, I do not think that that will be a long-term problem for us. I share the perspective of my colleagues Paul Wheelhouse and Margaret Burgess that independence is the solution to that issue.

We must look at the sustainability of public expenditure—fiscal sustainability—in the context of the society that we are in and the current spread of public expenditure. The Finance Committee took a useful approach by focusing on four overarching issues: demographic changes; inequality and socioeconomic deprivation; universal services; and additional models of finance. It was useful to hear that the Scottish Government always considers those aspects. If time allows, I will look at the first three aspects in more detail.

On demographic changes, the Office for Budget Responsibility has said that

“the public finances are likely to come under pressure over the longer term, primarily as a result of an ageing population.”

A Scottish Government report said that the population that is aged 65 or over

“is estimated to increase by 21% between 2006 and 2016 and will be 62% bigger by 2031.”

An acute increase will also occur in the number of people who are aged 85 or over.

It would be unfortunate if people who were listening to us felt that we felt that that section of the population was in some way a burden. It is self-evidently a good thing that people are living longer and healthier lives—how can it be anything other than that? People should not feel that they are a burden.

Free personal care is rather important to fiscal sustainability. Some might conclude that free personal care should be cut, because it could create an increased burden on the public purse, but Margaret Burgess and Paul Wheelhouse made the point well—this picks up on evidence to the committee—that we should look at that as preventative spend, because emergency admissions cost about four times more than the entire free personal and nursing care budget. Free personal care should be seen as preventative spend that contributes to fiscal sustainability.

The statistics on inequality and socioeconomic deprivation are well known and have been well rehearsed. I do not think that anyone in the Parliament is proud of our statistics on deprivation. With declining budgets and the need for fiscal sustainability, tackling inequalities will be a greater challenge. The Christie commission noted that point and said that

“Part of the problem has been a failure to prioritise preventative measures”.

Again, the issue of preventative spend is highlighted as being important.

I want to touch on universal services, as much as time will allow, because they are important.

Indeed, the Finance Committee’s summary of evidence states that

“Audit Scotland has estimated a combined annual ... cost for free personal and nursing care, concessionary travel, free eye tests, and free prescriptions of £870 million.”

I have already touched on free personal care, but I want to touch on two of the other issues, too.

There could be a quiet—in some cases, not so quiet—assumption that we should try to bring down expenditure on all those areas. However, the national concessionary travel scheme, for instance, contributes positively to the physical and mental wellbeing of the people who benefit from it. It also allows them to get out and about and make an economic contribution. On free prescriptions, the evidence was clear—stopping the policy could be a case of throwing the baby out with the bathwater, because cutting back on universal prescriptions will not make the savings that people think will be made. That perhaps challenges some of our assumptions about fiscal sustainability.

It is clear that preventative spend is going to be important. I look forward to hearing what the cabinet secretary has to say at the end of the debate.

16:06

Mary Fee (West Scotland) (Lab): This is a vital debate on how to get the best out of our public services in times of economic difficulty. Now that we have re-entered recession it is crucial for the Finance Committee to assess how to protect those public services—a lifeline for many—that bear the brunt of cost cutting by government: in Westminster, in Edinburgh and locally.

Although the debate is not specific to any one report from the Finance Committee, it is timely. With the Tories in Westminster cutting whatever they like, the deficit hawks in the coalition have waited for the financial crisis and subsequent recession to implement their ideologically driven cuts. Their slash-and-burn approach will destroy many of the public sector services that we desperately need in the UK.

In Scotland, we have the SNP, which has passed on the Tory cuts to local authorities without haste, and has acted as carrier pigeons for the Tory coalition. Then we have the Lib Dems, who—I am going with my previous comparisons—are dodos and soon to be extinct, especially after last week’s elections. They are propping up a right-wing Government that is intent on destroying the lives of the most disadvantaged in the name of deficit reduction.

We can all agree that to many people in Scotland, public services are a lifeline—whether through employment in the public sector, the

education that our children receive, the hospital care that we need, or the home help that our elderly require.

We have to start looking at how we continue to fund public services, and although the Scottish Government has claimed that it will not use private finance, that position is not shared by the Minister for Local Government and Planning, Derek Mackay. In response to Michael McMahon's question on the Scottish Government's consideration of social impact bonds, Derek Mackay said:

"The Scottish Government is committed to working with stakeholders to find new ways of adding value to, and improving the delivery of, public services."

Of course, the private sector has a huge role to play in improving the delivery of public services in partnership with the public sector.

Mr Mackay added:

"This includes exploring the potential of innovative approaches from social investment."—[*Official Report*, 19 April 2012; c 8227.]

I believe that social impact bonds could be extremely useful in getting the best out of our public services. However, I await the results of the trials of the scheme in England.

Partnerships between the public sector and the private sector could be essential in dealing with the complex problems that many people have, and where the responsibilities overlap, partnerships are a must. Such partnerships are also vital when engaging with the local community.

We all know the problems that we face due to the changing demographics. However, the biggest challenge is how we, as policy makers, manage that change. There needs to be a greater focus on bringing social and economic objectives together in deciding policies, as was highlighted by the Poverty Alliance at the Finance Committee.

However, when policies are adopted to serve the economy and the financial markets, those at the bottom will always suffer, as will public services. Ken Macintosh made the excellent point that the Tory Government has an obsession with maintaining the UK's AAA credit status, yet the credit rating agencies failed massively in the financial crisis. While the SNP Government focuses on its separation agenda, it fails to tell the Scottish people the realities of independence. What would be the credit rating of a separated Scotland?

John Swinney: I cannot resist the temptation. Mary Fee has just told us that the Conservative Government is obsessed with credit ratings and should not bother with them, but she then suggests that we should bother about them. Which is it to be?

Mary Fee: I point out to the cabinet secretary that I did not say that the Tories were obsessed with credit ratings—that is not what I said. If the cabinet secretary has chosen to take it that way, that is up to him.

What would be the credit rating of a separated Scotland? What would be the sustainable tax rate, and what would be the level of public spending under the currency union that the SNP boasts about? Those are questions that the Government cannot answer, and the result is uncertainty for the Scottish economy.

Jamie Hepburn: Will the member give way?

Mary Fee: No, I am in my last minute.

Those issues inhibit the long-term fiscal sustainability of our services at a time when we need to manage the demographic changes that further threaten our public services.

What we need to do—and what we have the powers to do—is to target policy towards social goals. Reducing child poverty, creating full employment and improving public services are three targets that the Government should be working towards. Instead, the decline in child poverty has stalled under the SNP; unemployment—especially female unemployment—has increased, causing child poverty to increase; and public services are under attack due to cost cutting by the deficit hawks. One of the main themes to come out of the Finance Committee appears to be that job creation is essential for fiscal stability. Reducing unemployment is a target that we must all share—but apparently we do not, given that jobs for the new Forth crossing are going abroad.

As I and others have pointed out, the public services on which we depend also provide people with jobs. Our fiscal sustainability is hampered by the Tories' wish to slash up to 500,000 jobs and especially by the SNP's cutting of 25,000 of those jobs.

16:13

Chic Brodie (South Scotland) (SNP): I welcome the debate and the Finance Committee's approach to and discussions around fiscal sustainability.

We live in demanding times and I subscribe to Gandhi's belief that we should live and be the change that we wish to see in our world. The time is right to change the balance in this world. In the past, too much time has been taken up by processes, institutions, organisations and funding in a race to the top. I believe that we have set about changing that. Of course finance is crucial, but it is time, rather, to put our hearts, our motions, our contributions and our ideas into the individual

and into our communities as the basis of a new fiscal regime.

Today, I seek to give some personal focus to four fundamental areas that will underpin only part of the fiscal sustainability that we want to achieve going forward. First, the demographics demand support for a programme—which has already started—to serve an integrated health and care system. Secondly, they demand investment in our future through intervention and through preventative spend on our childcare and our young. Thirdly, there is an overarching need to close the gap in incomes. Finally, the fundamental point is that intervention through social enterprise—the voluntary and third sectors in the economy—will secure both a culture of preventative spend and economic and entrepreneurial advances at ground level.

On care of the elderly, as Professor Jeffery told the committee and as Paul Wheelhouse said, there is a fixation on care costs without consideration being given to what the costs would be if the care were not provided. We must, through the change fund, shift the balance of care from institutions to community and primary care and we must enable the elderly to be active citizens, as Gavin Brown said.

On children, as the First Minister said last week, in the context of declining child poverty during the past 10 years and in the face of Westminster cuts, it is our aim and our duty to demand the full powers on tax and benefits that will enable us to protect all children from poverty and from London excesses.

Ken Macintosh: Will the member give way?

Chic Brodie: I am sorry, I do not have time.

It is not acceptable that 120,000 kids—our kids—should be kicked into the touch of poverty by indiscriminate welfare cuts. Our investment of £270 million in the early years and the early intervention fund is a measure of our caring and forward-looking community, and our improvements to childcare provision through increased nursery provision are a measure of a sustainable society.

Fiscal sustainability can and will be achieved only when we secure an income spirit level that reflects a fair society. The societies of Sweden, Norway and Japan, where top earners' income is four times that of the lowest earners, are far more equal than the UK, where the difference is more than sevenfold. The pernicious effects of inequality on societies are clear: eroded trust, increased anxiety and illness, and excessive consumption. The runaway train of executive salaries and institutional financial bonus debauchery has to be stopped by the buffers of outcome attainment, payment for performance and contributions to society. If we want fiscal sustainability we can and

should apply the 80:20 rule to all major incomes and items of expenditure in the public and private sectors.

I have described challenges, which are being met, but I fundamentally believe that the basic financial answers lie in our communities—in social and community enterprise and in the voluntary and third sectors. Those are the keystones of long-term fiscal rectitude and sustainability and the drivers of creative, innovative and preventative spend. Entrepreneurial ideas do not come just from our universities and research factories. I am talking about social investment, proven social impact finance, ideas flowing up and across society, and a heterogeneous mix of the very young and very old sharing community facilities, which allows people to bond more closely.

We agree that national economic success and jobs will depend on a large degree of metropolitanism, and large exporting businesses and sectors, but our fiscal ship of state will be steadied by the fundamentals of individuals in our communities, as I have outlined.

16:18

Mark McDonald (North East Scotland) (SNP):

As I am a member of the Finance Committee, I am pleased to speak in the debate, although I was able to attend only two of the four round-table sessions that took place. The debate comes at an appropriate time.

Mary Fee might want to listen to her front benchers before she gives a speech. Ken Macintosh asked why on earth we are listening to Moody's and Standard & Poor's and getting so obsessed by credit ratings, but she said, "I'm obsessed by the credit rating for an independent Scotland and I want the question answered." The Labour Party might want to do some work on joined-up thinking when it has its next away day. That might help the party with its narrative in the Parliament.

Given Mary Fee's sustained invective against the Conservatives, I am sure that she will be the first to welcome the many council coalitions that Labour is striking with the Conservatives across Scotland. She will be more than happy with that, given what she has had to say about the Conservative Party today.

On the independence debate being bad for the economy, I accept that perhaps Ms Fee could not watch the Finance Committee meeting this morning, but Lloyds Banking Group's top Scottish executive, Philip Grant, said not only in that meeting but in *The Scotsman* that the independence debate is benefiting Scotland by giving us an increased international profile, making us a talking point across the world—including in

boardrooms across the world—and attracting potential investment to Scotland. Perhaps that counters the relentless negativity that we have heard from Labour members.

I want to focus on a couple of areas that the committee looked at. The thread of the demographic change that lies ahead—particularly the ageing population—has run through all the speeches that have been made thus far. I agree that we should not look at demographic change as a negative in and of itself. Our elderly population still have a great deal to give society—through the provision of grandparental care, for example, which is one of the functions that those who have retired often perform, allowing working parents to get back into work and stimulate the economy.

The points that Gavin Brown and Paul Wheelhouse have made do not necessarily act against each other. Gavin Brown was quite right: people in their mid to late 60s are much more active than such people were in previous years. However, Paul Wheelhouse identified that, because we are living longer, the likelihood—or potential—of our having serious health complications obviously increases. I stand here as a shining example of Scotland's bad diet. We have particular problems with diet and lack of activity, and we need to consider them. People might live an extra 20 or 30 years, but that does not necessarily mean that problems will not arise as a result.

During the round-table discussion on demographic change, I raised the issue of migration and the need to attract skilled working-age migrants to Scotland. There is a real clash in that area between the policies that are being pursued at the UK level and the need to develop Scotland-specific solutions. I think that both Professor Jeffery and George MacKenzie of the National Records of Scotland, who produced a table that looked at the prospects if we have low net migration and an ageing population, agreed with that point. We have to focus on how we can engender a culture change within the UK Border Agency so that it can see the need for a particular set of solutions for Scotland in the short term—until, of course, we control our own migration policy, when we can develop solutions for ourselves.

On universal services, there is often an obsession with popular policies, such as those relating to bus passes, free prescriptions and the council tax freeze. We are always told that we cannot afford such policies, but members should look at how much we spend on those individual policies in the context of the global budget. A huge proportion of the global budget is not being spent on those policies. Some people have the mindset that somehow in difficult times, Governments

should not do popular things. The UK coalition Government might be pursuing that policy—if it is, it is doing so very successfully—but the Scottish Government is quite right to stick to its guns and say that universal services policies are not just popular but have wider social benefits, which Margaret Burgess specifically highlighted.

A lot of work still needs to be done: for example, to change attitudes across Scotland, particularly in relation to deprivation and how we target particular services and funding towards areas of deprivation. If tackling deprivation was easy, we would have done it by now—and we would have done so much better in the good times. We are now in very difficult economic circumstances, but that does not mean that we should not strive to effect change in our most deprived areas to ensure that children who are born in those communities do not find that, essentially, they have been born to fail. All members should unite behind that.

16:25

Gavin Brown: I make the observation that the debate might have been slightly better had the percentage of time that was spent on independence and Westminster been reduced and the amount spent debating the comprehensive issues that were examined by the Finance Committee increased. I hope that closing speeches spend more time on the latter than on the former.

Regarding the substance of the debate, I will focus my closing remarks on improvements to data, evidence and tracking. I will look at some of the challenges that have been outlined and I will speak about universal services. The debate, thus far, has been a little one-sided on services and does not reflect the evidence to the committee, so I will begin with universal services.

It was fascinating to observe the round-table evidence session, because the panellists and the arguments they put forward were finely balanced. There were strong arguments in favour of retention of universal services and there were equally good arguments, not on the abolition of universal services—far from it—but on reform of some universal services.

The points in favour of universal services have been well made by a number of members. One point was in relation to administration costs. A move to a system of means testing, as Jeremy Peat pointed out, could save £50 million on benefits, but the spend on administration could be £40 million, which would almost entirely wipe out the saving. A quotation from Professor Jeffery about the fixation on headline costs came up several times.

That view has to be balanced against other contributions that were made by equally eminent people on the panel. Professor Bell said that they are “open-ended commitments”. The fact is that they increase year on year—sometimes dramatically and sometimes out of proportion to what was expected when the bill was passed and the measure was introduced. In many cases that increase is likely to be accelerated. His view is that universal services ought to be

“revisited every five years to see whether they remain affordable.”

Jeremy Peat, who made the point about the cost of administration, put forward his view that the benefits should remain in place until “year X”—as he described it—

“and would continue beyond that date only if the Parliament took a positive decision to that effect.”—[*Official Report, Finance Committee, 25 January 2012; c 578, 581.*]

He therefore put the burden on Parliament to make a positive decision and to examine the policy properly, instead of allowing it to continue automatically.

The costs of concessionary travel, for example, have increased year on year and out of proportion to what was expected when the policy was introduced. There are difficulties with means testing, to which Margaret Burgess referred when she spoke about the people in their 70s who rely heavily on their bus passes. However, there are ways to restrict access to the scheme without using what might be defined as means testing related to income. For example, one could move the age up from 60 to reflect the fact that many people who are in their early 60s are working. One of the professors who gave evidence in committee pointed out that he has a bus pass, which he thinks is a waste of public money because he is earning what is, in his view, a perfectly good salary.

The threads of the debate were pulled together in the phrase “opportunity costs”, which struck a chord with many committee members. If we start to do one thing, what can we no longer afford to do? We should not be considering simply whether what we are doing is a positive use of public money, but whether it is the optimum use of public money. For that reason, we ought to debate universal services in greater detail. The debate in committee was much more balanced than the views that have been put forward so far in today’s debate.

On the challenges, I return to some of the comments that were made earlier in the debate. When we move to a preventative spending agenda, we must accept that it takes time to get results. It can take five or 10 years to do so, which is way longer than electoral or political cycles. In

addition, I reiterate that the agencies that gain are not always the ones that invest. For example, a local authority might make an investment but see no benefit to its budget, even over the course of time, while the financial benefit to the NHS in that area might be huge. Similarly, an intervention by the NHS might not benefit it at all financially, but might save the justice system a considerable amount.

My final point is one to which I hope the cabinet secretary will return in his closing remarks. The convener talked eloquently about social impact bonds, on which the committee spent a considerable amount of time and on which the National Endowment for Science, Technology and the Arts, Apex Scotland and Addaction gave positive reports. The convener asked the cabinet secretary to update the chamber on the Government’s position on social impact bonds, and I hope that he will take the opportunity to do that.

The Deputy Presiding Officer (John Scott): I call Michael McMahon. You have a very generous seven minutes.

16:31

Michael McMahon (Uddingston and Bellshill (Lab): Thank you, Presiding Officer.

Just as I enjoyed the discussions that the Finance Committee held on fiscal sustainability, I have enjoyed this afternoon’s debate, which has looked at the range and diversity of opinions and information that were brought to the committee during its deliberations. I found that process to be stimulating, and I am sure that not only will individual members have benefited from being challenged on many axioms but that, collectively, the committee will profit from having acquired such a body of instructive depositions.

Some of the areas that we looked at were non-contentious and can be taken almost as givens. For example, there is no doubt that the OBR could win the award for stating the blindingly obvious when it advised us that the public finances are likely to come under pressure as a result of an ageing population, but there is no harm in emphasising that reality, as a number of members of the committee, including the convener and Gavin Brown, have done.

Underpinning almost all the evidence that the committee received was the need for good and reliable information to inform the choices that Government and other public agencies make when they allocate resources and set policies to address the challenges that society faces. Elaine Murray referred to that, and it is interesting that Dr Lena Wilson re-emphasised the point at this morning’s meeting of the Finance Committee.

It is all well and good for us as politicians to set policy directions or to pursue agendas that are based on our ideological or political interests, but without verifiable evidence, we cannot know whether those decisions are justified, or even whether they are achieving the aims that we set for them. The point has been well made that although the public sector collects a great deal of data for different purposes, often best use is not made of it.

For example, we all know that the Government believes that the hundreds of millions of pounds that it has spent, and which it intends to continue spending, on the small business bonus scheme is helping our economy. That may well be true, but producing figures that show how many businesses get the SBBS is vastly different from producing analysis that shows in what way local economies are benefiting and how many jobs are being created. Without the latter, all we have is assertion. Without evidence to back it up, all that we are left with is knowledge that a lot is being spent and that the recipients are happy with that.

In the context of fiscal sustainability, it is entirely right to ask whether we can continue to fund a policy, the efficacy of which we have no evidence of, when we have to find resources to address the facts that, according to numerous witnesses, in educational terms the gap between the top 20 per cent and the bottom 20 per cent in Scotland is the widest in Europe; that Scotland has one of the highest proportions of people not in education, employment or training among the Organisation for Economic Co-operation and Development countries; and that levels of relative poverty have remained stubbornly high, even though they initially fell in the years immediately after devolution. My conclusion is that we certainly have a populist policy, but we have no verifiable evidence of the policy intent being achieved or of its being sustainable.

Various witnesses indicated that, within the devolved powers, there was action that could be taken, and they pointed to the role that the private sector could play. An extremely interesting round-table discussion addressed the issue of additional models of finance—on which Elaine Murray, Mary Fee and Gavin Brown, among others, have commented. Again, that is a real challenge to the Government, which has consistently set out its stall against the use of private finance and has pledged to prevent private involvement in delivery of public services, particularly in the NHS.

However, we know that the Scottish Government is now using the NPD form of private finance initiative and is considering the nascent idea of payment by results across various social service areas. It is also investigating social impact bonds, which involve the Government using

investment that is raised from socially motivated private investors—I emphasise that they are private investors—to fund a range of interventions to improve a set of mutually agreed social outcomes, and in which the financial returns that the investor receives are dependent on the degree to which the outcomes are achieved. Like Mary Fee, I am not averse to such innovations being examined, but I wonder why ministers keep telling us that they are opposed to private investment in public services while we know that they are considering ways of securing it.

Ken Macintosh questioned the short-term populism of the current Administration. In closing, therefore, I would like to quote what Thomas Frank, a former commentator on *The Wall Street Journal*, said about the inherent hypocrisy of populism. He opined that it

“only benefits the people it is supposed to be targeting”

and said that populist politicians march

“irresistibly against the arrogant ... shaking their fists at the sons of privilege ... laughing at the dainty affectations of the toffs”

and that

“while the millionaires tremble in their mansions, they are bellowing out their terrifying demands. ‘We are here,’ they scream, ‘to cut your taxes.’”

For me, that sums up this Government. It wants to be seen to be progressive and to be on the side of the poor and the disadvantaged, but the reality is quite different. A cut in corporation tax, a cut in this tax, a cut in that tax and free services for wealthy families are all dressed up as benefits to disadvantaged groups. However, at some point, the populist largesse will prove to be unsustainable and the SNP, or someone else, will have to pay the bill. The denial will have to give way to reality and the tough decisions will have to be made. At some point, this SNP Government will be made to pay for getting its priorities wrong.

The Deputy Presiding Officer: Mr Swinney, you have a generous nine minutes.

16:37

John Swinney: First, I would like to correct a reprehensible statement that I made earlier. When I was dealing with the intervention by Ken Macintosh, I said that the Conservative Government had taken forward the same capital spending plans as the Labour Party proposed to take forward. That did a disservice to the Conservative Government, because the OBR said that the capital departmental expenditure limit plans of the Labour Government were to spend £157 billion, in real terms, between 2011-12 and 2014-15, and that the Conservative Government plans to spend £161 billion, in real terms, in the

same period. That means that, in fact, the Conservatives are spending more on capital—just a little bit more—than the Labour Party had planned to spend. I think that Mr Macintosh should stop peddling the fallacies that he peddles on such issues.

In the 13 years during which we have both been in this Parliament, I have never felt any ill will towards Dr Elaine Murray and do not want to deploy any ill will today. However, the sooner the attitude of those on her front bench is replaced with her thoughtful contribution to the debate, the better Parliament will be. The contrast between the continuing outpouring of miserabilism from Messrs Macintosh and McMahon compared with the thoughtful contribution of Dr Murray was well illustrated.

Dr Murray talked about the cost of emergency admissions to hospitals and the avoidability—if I may use that term—of those admissions through the use of other interventions. That is a point that the Government absolutely accepts, and which was made powerfully by Dr McCormick of the Joseph Rowntree Foundation. It is why we have made the adult health and social care integration proposals. To address one of the points that Mr Brown made in his summing-up speech, that is one of the key elements in how we avoid public organisations resisting change because they are concerned about the implications for their own compartmentalised budgets. I accept that there has been a history of that within public services, but the Social Care (Self-directed Support) (Scotland) Bill is designed, essentially, to remove that supposed disincentive by having a positive impact on reducing hospital admissions that could probably come about by the provision of different local services, but of which local authorities would feel they were carrying the strain.

Gavin Brown: Will the cabinet secretary give way?

John Swinney: I will give way in one moment. The co-operation between local government, the Scottish Government and our health boards in implementing the agenda is enormously welcome. It tackles some of the issues that were raised by Dr McCormick and echoed by Dr Murray in Parliament.

Gavin Brown: I accept what the cabinet secretary says in relation to that specific policy area, but I was making a more general point about preventative spend. A host of departments could be involved and there is still a danger that they will worry about their own budgets.

John Swinney: I concede that such a danger always exists, but we are trying to focus the Government on the achievement of outcomes and to discourage budget holders from thinking that it

is “their money” that might be being spent on sorting out someone else’s problems. I accept that that can be a reality in the debates around public services, but our approach is about focusing on integrated policy making and implementing the agenda across the Government in a number of areas, which I will list for the benefit of Mr Brown and of Parliament. They are the early years change programme; the getting it right for every child programme, which is part of the education portfolio; integration of health and social care; police and fire reform; and post-16 learning and training. I should add reducing reoffending, because if we reduce reoffending, it will affect not just the justice budget or the prisons budget, but wider local authority and service budgets and the health service.

I assure Parliament—Mr Brown, in particular—that we are making a determined effort to focus cross-Government activity on solving the problems; the preventative spending interventions are designed to do a great deal of that.

I move on to universal services. The debate has been thoughtful and can be characterised by Professor Jeffery’s comment about being

“fixated on the headline costs of things such as free personal and nursing care without thinking of the money that we would have to expend if such care was not there.”—[*Official Report, Finance Committee*, 11 January 2012; c 481.]

I will give Parliament an example of how that case has been made in a compelling way. The cost to the Government of a free eye test is between £37 and £45. The tests are provided by high street opticians, which means that the service is readily accessible to members of the public in all the communities that we represent. That £37 to £45 could allow the optician to identify a number of conditions that could present as acute conditions if they are not intercepted early enough. So, although we call it a universal service, it has a clear preventative character because it is looking proactively at eye care and other possible health conditions that could affect individuals in our society.

Prescription charges were previously free for some people in our society and there were, of course, exemptions, but the following is a list of some of the conditions that were not exempted before prescriptions were made free: Parkinson’s disease, asthma, rheumatoid arthritis, cystic fibrosis, coeliac disease, eczema, psoriasis, dementia and Crohn’s disease. Those are all relatively mainstream conditions that affect individuals in our society. As she always does in such debates, Margaret Burgess made the point powerfully that such conditions often affect individuals who are on low incomes. We have to

view some of our measures as directly contributing to the welfare of individuals.

Whether we are talking about free prescriptions or free personal care, I was left a bit bewildered by Mr McMahon's comments about the fact that the Scottish Government only does such things because we believe them to be "populist". If I remember rightly, Mr McMahon supported, as I did, the Labour Government when it brought in free personal care for the elderly. Was it grubby and "populist" for the Labour Government to do that at that time? I am a bit confused.

Michael McMahon: Will John Swinney give way?

John Swinney: Of course I will take an intervention—but I want to put on record the fact that I am confused by Mr McMahon's point.

Michael McMahon: I will help the cabinet secretary and disabuse him of his confusion. I asked for evidence that policies have achieved the intended outcomes. Of course there will be policies that are populist just for the sake of being populist. The point is that the Government cannot just assert that it has got things right. All the witnesses who spoke on the issue said that there must be robust evidence to show the efficacy of policies.

John Swinney: Roughly translated, that probably means that it is all right for the Labour Party to introduce policies, but it is not all right for the SNP to introduce them.

My final point relates to Mr Brown's comment about the suggestion that Professor Bell and, to an extent, Jeremy Peat made that we should periodically review universal services. Ultimately, Parliament must decide whether it wants to spend money on proposals—that is the purpose of the budget process. In formulating the recommendations that I make to the Cabinet and Parliament, provision is made for those services. Clearly, Parliament must judge whether it wishes to support such provision. If the suggestion is that somehow we do not actively choose to carry on with those provisions, that does not give a full account of the parliamentary process and the process of decision-making. As the finance secretary, I have to make the financial provision for those services.

Very lastly, I want to answer Mr Brown's question about social impact bonds. The Government is continuing to investigate that issue. It is being considered by the preventative spending group, which brings together internal players from the Government and external players. When we have further proposals to set out, we will advise Parliament.

16:47

John Mason (Glasgow Shettleston) (SNP): I welcome the opportunity to close this debate on fiscal sustainability. In the convener's opening remarks, he referred to the stimulating contributions that were made during the committee's round-table discussions. We have had some stimulating speeches this afternoon, but before I respond to some points that have been made, I will outline some of the committee's work for the coming months.

The Finance Committee has developed a coherent and relevant work programme, with the bulk of our work sitting under the broad theme of fiscal sustainability. There are clear and useful linkages between the various work strands, all of which are focused on the annual budget scrutiny to which the cabinet secretary referred. We will continue to identify, listen to and work with key individuals and groups who can focus our scrutiny on fiscal issues. As the convener said, our work with the David Hume Institute has been extremely useful and we look forward to further discussions with its members in the coming months.

We will shortly hold a series of round-table discussions on employment and employability. As has been mentioned, this morning we took evidence from Dr Lena Wilson of Scottish Enterprise, Professor Jim McDonald of the University of Strathclyde and Philip Grant, following their recent articles in *The Scotsman* on increasing sustainable economic growth. During the debate, it has been asked whether we should be completely pessimistic and pulling our hair out, or be more optimistic. This morning's panel, who came from various fields, was incredibly optimistic. Our future round-table discussions on the topic will hear evidence from businesses, business groups and the Minister for Youth Employment.

We have taken evidence from the Institute for Fiscal Studies and the Office for Budget Responsibility on the impact on Scotland of the UK budget. We might repeat such meetings as we consider the wider economic and fiscal issues and their influence on Scotland.

The committee plans to take evidence before the summer recess on how to improve data collection and measure outcomes, which has been touched on during the debate. Our initial evidence session will, we hope, inform our future consideration of the issue and allow us to consider the issue's relevance to other work that is before the committee.

The need for relevant and sound data, which are generated and shared across the public sector, has been raised with the committee on numerous occasions and has been mentioned frequently in the debate. We highlighted the point

in our summary of evidence on preventative spend. It has arisen during our discussions on fiscal sustainability and in our initial discussions with the OBR on forecasting Scottish taxes. It has to be said, to be reasonable, that we often get evidence on both sides of an issue. A lot of issues end up being about political choices because there is not a clear cut right or wrong answer.

Our evidence session with the OBR discussed its methodology paper, which describes how it plans to forecast the proposed Scottish tax receipts. We will discuss the matter with HM Revenue and Customs next month; there is no doubt that data gathering will form part of that discussion. It will be interesting to consider how data that are used for that purpose can be shared and utilised for other purposes within the broad consideration of fiscal sustainability. I do not know what thought the Scottish Government has given to that opportunity, but it may be something that we can discuss during our round-table meeting next month.

There is clearly a need for relevant and reliable data. For example, the convener mentioned the benefits and the positive outcomes that arise from providing free universal services. However, as a number of members have said, we need to be clear about what the outcomes are, and we need to gather relevant data on them if we are to persuade the public in general and, especially, sceptics. We must be clear about what motivates and informs a policy strategy, and about how we measure its effectiveness and establish whether it has achieved the desired results and secured all the intended benefits.

Before I turn to individual points that have been made by members, I will highlight pensions, which are relevant in the context of fiscal sustainability and which may be considered in our work programme. Clearly, within our consideration of demography and an ageing population, the fiscal impact of pensions liability is particularly relevant.

The committee's budget adviser, in his report to us on the 2012-13 draft budget, stated:

"The Scottish Government is to implement the public sector increases in pensions mandated by the UK Government. On average, pension contributions will increase by 3.2% over the next three years. The Scottish Government argument is that not to introduce these pension increases would cause cuts in its own budget leading to falls in employment and/or further pressure on public sector wages. It has also been informed by HM Treasury that if it does not introduce the changes, its block grant will anyway be cut. Clearly this is a somewhat unsatisfactory situation. It reinforces the argument that the Scottish Government should be responsible for the pension arrangements of public sector employees in Scotland."

He also made the point, in his briefing paper on fiscal sustainability, that

"Public sector pensions are a potential source of significant pressure on the Scottish budget in the next decade."

I suspect that that will be discussed in Parliament in greater detail in the months and years ahead.

I turn to points that members have made during the debate—some of which have been raised by several members.

The convener of the Finance Committee, Kenneth Gibson, quoted the perhaps slightly unfortunate phrase that was used by the IMF: "unfavorable demographic trends". A number of members, including Gavin Brown, Margaret Burgess, Jamie Hepburn and Mark McDonald have said that the phrase could be taken to mean that we would prefer that older people did not live longer, which is obviously not the case. I am glad to say that I have not heard anyone suggest that in the debate.

John Swinney raised a number of issues in his opening speech. He talked about social democratic values that emphasise the importance of helping the most vulnerable people. In particular, he highlighted the need to maximise employment and minimise unemployment. That sentiment was echoed by other members.

However, we must emphasise the point—which I think was made by the Joseph Rowntree Foundation—that employment in itself does not guarantee a move out of poverty. Many children are in poverty although at least one of their parents or carers works. That matter is currently outwith the powers of the Scottish Parliament, because it takes us into areas such as the minimum wage and tax credits.

John Swinney also mentioned preventative expenditure and said that it needs to be collaborative. The committee has picked up on the need for the third sector to be included. Rightly or wrongly, the third sector sometimes perceives that it is not treated equally—especially by local government—and that there is sometimes a difference between what is said about treating everybody equally and what happens in practice.

John Swinney also made the point that expenditure on social housing in Scotland is double what it is in England. However, there is widespread agreement in the committee and Parliament more generally that we would like it to be even greater.

Gavin Brown quoted Professor Jeffery's point about older people making a huge contribution, with which we completely agree. He also talked about the need to ensure that spending is genuinely preventative. I agree with him to a large extent on that, because almost everybody talks about how their expenditure is preventative and how spending £1 in a particular place will save £9

in another or £16 somewhere else. Clearly, there are different levels of return and different timescales for how quickly that return comes about. However much work we might do on the matter, there is probably no easy answer, because the reality is that much expenditure—even on services for older people as well as younger people—is genuinely preventative.

Elaine Murray said that universal services should be reviewed, which other members also touched on. However, we must be careful when we talk about universal services. Some witnesses said that they want the universal services of the NHS and school education to continue, but questioned whether others—perhaps the newer ones that Parliament has introduced—should continue. A close examination of that question will be required. There is some fear that, if some universal services are attacked, others might be susceptible later on.

Mary Fee talked a lot about independence. Certainly, on the surface, it appears that, if more money is available with independence, there could be better services. However, as she spoke, it struck me that the committee should perhaps consider the finances of independence in more detail. I am certainly happy to speak to the convener afterwards and see whether he is up for that.

In the closing speeches, Gavin Brown talked about universal services. He said that the debate had been a little bit one sided whereas, at the Finance Committee, we had heard evidence on both sides. Perhaps that shows the difference between the committee, where we seek evidence from both sides in a fairly balanced way, and the chamber, where most of us express our opinion—although I am trying to be balanced—and take one side or the other. Gavin Brown probably finds himself in a minority when it comes to universal services.

I thank all members for taking part in the debate, which has been fairly constructive. The committee commits itself to taking the issues forward.

British Waterways Board (Transfer of Functions) Order 2012

16:58

The Presiding Officer (Tricia Marwick): The next item of business is consideration of motion S4M-02780, in the name of Alex Neil, on the British Waterways Board (Transfer of Functions) Order 2012.

Motion moved,

That the Parliament consents to the making of the British Waterways Board (Transfer of Functions) Order 2012, a draft of which was laid before the UK Parliament on 29 February 2012 and which makes provision that would be within the legislative competence of the Scottish Parliament if it were contained in an Act of that Parliament.—[*Keith Brown.*]

The Presiding Officer: The question on the motion will be put at decision time.

Inland Waterways Advisory Council (Abolition) Order 2012

16:58

The Presiding Officer (Tricia Marwick): The next item of business is consideration of motion S4M-02781, in the name of Alex Neil, on the Inland Waterways Advisory Council (Abolition) Order 2012.

Motion moved,

That the Parliament consents to the making of the Inland Waterways Advisory Council (Abolition) Order 2012, a draft of which was laid before the UK Parliament on 29 February 2012 and which makes provision that would be within the legislative competence of the Scottish Parliament if it were contained in an Act of that Parliament.—[*Keith Brown.*]

The Presiding Officer: The question on the motion will be put at decision time.

Business Motion

16:59

The Presiding Officer (Tricia Marwick): The next item of business is consideration of business motion S4M-02803, in the name of Bruce Crawford, on behalf of the Parliamentary Bureau, setting out a business programme.

Motion moved,

That the Parliament agrees the following programme of business—

Wednesday 16 May 2012

2.00 pm Time for Reflection

followed by Parliamentary Bureau Motions

followed by Scottish Government Debate: National Parenting Strategy for Scotland

followed by Stage 3 Proceedings: National Library of Scotland Bill

followed by Business Motions

followed by Parliamentary Bureau Motions

5.00 pm Decision Time

followed by Members' Business

Thursday 17 May 2012

9.15 am Parliamentary Bureau Motions

followed by Labour Party Business

11.40 am General Question Time

12.00 pm First Minister's Question Time

12.30 pm Members' Business

2.15 pm Themed Question Time
Health, Wellbeing and Cities Strategy

2.55 pm Scottish Government Debate:
Preventing Obesity, Meeting the
Challenge

followed by Parliamentary Bureau Motions

5.00 pm Decision Time

followed by Members' Business

Wednesday 23 May 2012

2.30 pm Time for Reflection

followed by Parliamentary Bureau Motions

followed by Scottish Government Business

followed by Business Motions

followed by Parliamentary Bureau Motions

5.00 pm Decision Time

followed by Members' Business

Thursday 24 May 2012

9.15 am Parliamentary Bureau Motions

followed by Scottish Government Business

11.40 am General Question Time

12.00 pm First Minister's Question Time

2.00 pm Themed Question Time
Infrastructure and Capital Investment
Culture and External Affairs

2.40 pm Stage 3 Proceedings: Alcohol (Minimum
Pricing) (Scotland) Bill

followed by Parliamentary Bureau Motions

5.00 pm Decision Time

followed by Members' Business—[Bruce Crawford.]

Motion agreed to.

The Presiding Officer: Before we move on, I know that the Parliament will wish to welcome Her Excellency the Cuban ambassador Esther Armenteros. [Applause.] The ambassador will be joining us for Elaine Smith's members' business debate, which will follow decision time.

Parliamentary Bureau Motion

17:00

The Presiding Officer (Tricia Marwick): The next item of business is consideration of motion S4M-02804, on approval of a Scottish statutory instrument.

Motion moved,

That the Parliament agrees that the Waste (Scotland) Regulations 2012 [draft] be approved.—[Bruce Crawford.]

The Presiding Officer: The question on the motion will be put at decision time.

Decision Time

17:00

The Presiding Officer (Tricia Marwick): There are four questions to be put as a result of today's business. The first question is, that motion S4M-02777, in the name of Kenneth Gibson, on fiscal sustainability, be agreed to.

Motion agreed to,

That the Parliament notes the summary of evidence of the Finance Committee's series of roundtable discussions on fiscal sustainability.

The Presiding Officer: The next question is, that motion S4M-02780, in the name of Alex Neil, on the British Waterways Board (Transfer of Functions) Order 2012, be agreed to.

Motion agreed to,

That the Parliament consents to the making of the British Waterways Board (Transfer of Functions) Order 2012, a draft of which was laid before the UK Parliament on 29 February 2012 and which makes provision that would be within the legislative competence of the Scottish Parliament if it were contained in an Act of that Parliament.

The Presiding Officer: The next question is, that motion S4M-02781, in the name of Alex Neil, on the Inland Waterways Advisory Council (Abolition) Order 2012, be agreed to.

Motion agreed to,

That the Parliament consents to the making of the Inland Waterways Advisory Council (Abolition) Order 2012, a draft of which was laid before the UK Parliament on 29 February 2012 and which makes provision that would be within the legislative competence of the Scottish Parliament if it were contained in an Act of that Parliament.

The Presiding Officer: The next question is, that motion S4M-02804, in the name of Bruce Crawford, on approval of a Scottish statutory instrument, be agreed to.

Motion agreed to,

That the Parliament agrees that the Waste (Scotland) Regulations 2012 [draft] be approved.

Cuba

The Presiding Officer (Tricia Marwick): The final item of business today is a members' business debate on motion S4M-02573, in the name of Elaine Smith, on the beyond the frame Cuban art exhibition. The debate will be concluded without any question being put.

Motion debated,

That the Parliament welcomes the Cuban art exhibition, *Beyond the Frame*, which is scheduled to be held at The Lighthouse in Glasgow from 7 to 13 May 2012; understands that this will be the first time that such a large exhibition of contemporary Cuban art will be shown in Scotland and that some of the exhibits are also expected to be displayed in the Parliament; understands that all of the exhibition's proceeds will go to the campaign for justice for the so-called Miami Five, a group of Cuban citizens that have been imprisoned in the United States since 1998 and for whom Amnesty International has raised serious doubts about the fairness of the proceedings that led to their convictions; recognises that the city of Glasgow is twinned with Havana and notes that a number of bars in Coatbridge have achieved "Cuban-friendly" status by offering their customers the opportunity to buy Havana Club rum, which, it understands, helps boost Cuba's economy; believes that, given the 50-year economic blockade of Cuba by the United States, this is particularly important; understands that there is almost universal opposition to the blockade by the international community and that it is considered to have a severe impact on the living standards of the people of Cuba; wishes the organisers of the exhibition every success, and hopes that it will lead to more cultural, economic and political cooperation between Scotland and Cuba.

17:02

Elaine Smith (Coatbridge and Chryston) (Lab): I thank the members who signed the motion and those who have stayed behind to take part in the debate this evening.

This is the first debate about Cuba in the Scottish Parliament, and as convener of the cross-party group on Cuba, I am delighted that important guests have joined us in the gallery tonight—the Cuban ambassador, Her Excellency Esther Armenteros, and two Cuban family members of the Miami five: Antonio Guerrero, who is the son of Antonio, and Rosa Aurora Freijanes, who is Fernando's wife. We are also joined by members of the Scottish Cuba solidarity campaign, including Kath Campbell.

I take this opportunity to personally pay tribute to John McAllion, who set up the cross-party group on Cuba in 1999. I took over as its convener in 2003.

The motion was inspired by the beyond the frame art exhibition at the Lighthouse in Glasgow, which will be on until 13 May. The person who made sure that it happened in Glasgow is Jan Pietrasik, and I pay tribute to Jan for that. I

attended the opening last night, and the exhibition contains some amazing works of Cuban art by acclaimed Cuban artists as well as works donated by 20 celebrated artists who are mainly based in the United Kingdom. Again, one of the artists is with us this evening—Lesbia Vent Dumois.

The exhibition also features art by two of the Miami five, Antonio Guerrero and Gerardo Hernández. Last week, I had the privilege of hosting some of that work in the Scottish Parliament's garden lobby to help to raise awareness among MSPs and staff. Proceeds from the exhibition will go to support the campaign to free the Miami five.

Before giving a short explanation of the plight of the five, I will quote the words of their families from the brochure:

"The project will reach out to new people in Europe who will be able to see first-hand the tremendous determination that all Cubans have to achieve the return of our 5 heroes. It will help again to break the media silence that we have suffered over the years with our just fight."

The Miami five are serving long prison sentences in the USA having been arrested while trying to gather information on Miami-based groups that are responsible for terrorist attacks against the Cuban people. The attacks have caused hundreds of deaths and included a 1990s bombing campaign in Havana hotels and clubs aimed at stopping the flourishing holiday industry. At the time of the trial, lawyers made the point, albeit unsuccessfully, that a fair trial in the toxic anti-Castro setting of Miami was impossible.

The case of the Miami five is a terrible miscarriage of justice that reflects badly on the United States. Innocent men are being used as pawns in a political game. Amnesty International recently produced a report on the unsafe convictions of the Miami five that shows that the injustice extends to the refusal of visas, contrary to human rights, for some wives and children to visit their loved ones.

This miscarriage of justice should be set against the scene of the 50-year economic blockade of Cuba by the USA. The progressive revolution in Cuba, led by Fidel Castro and Che Guevara, swept to power in 1959 on a wave of popular support, overthrowing the previous barbaric regime under Batista. Prior to the revolution, Cuba was a playground for America's rich elite and gangsters; meanwhile, the island's people were desperately poor. Three years later, in 1962, the USA imposed an economic blockade that has, in the 50 years since, tried to strangle socialism in Cuba—tried but failed. The embargo has, though, affected the normal functioning of the Cuban economy and has cruelly impacted on its citizens by banning imports and exports between the US and Cuba. It also impacts on other countries—

extraterritorial powers can extend to fines on banks and businesses that trade with Cuba.

I believe that that is something that the Scottish Government could look into. Indeed, I found out last night that a Scottish business has had its transactions with Cuba, which is its main market, stopped by its bank, the Royal Bank of Scotland.

It is ironic that in the land of the free US citizens are barred from travelling to Cuba. It really is time that the embargo, which is a cold war relic, was consigned to the dustbin of history. It is illegal and inhumane and has been condemned by the United Nations General Assembly for the past 20 years. Last year, of 188 countries, only two disagreed with that: the USA and Israel. However, ordinary US citizens do not disagree with it, because earlier this year an Angus Reid Public Opinion poll found that 51 per cent of Americans would lift the trade embargo and 62 per cent want to re-establish diplomatic relations with Cuba.

It is unbelievable that the USA should keep up its obsession with Cuba when it does not do so with other countries with which it has fought vicious wars. Indeed, Wayne Smith, former diplomat and head of the US special interests section in Havana under President Carter, recently wrote:

“U.S. policy toward Cuba is irrational and inconsistent with what it does elsewhere. We have normal diplomatic and trade relations with China, and even with Vietnam, with which we fought a bitter and bloody war, but not with Cuba.”

When Fidel Castro was in New York in 1995 for the UN 50th anniversary celebrations, he asked:

“How much longer must we wait for a world without ... cruel blockades that kill men, women, children and the old like silent atomic bombs”.

By punishing ordinary people, the USA has hoped for 50 years to overthrow the Government of Cuba, but it quite simply has not worked. Despite the blockade, US hostility and being a third-world country, Cuba has flourished, particularly in the fields of education, sustainable development and health, with Cuba exporting its health professionals across Latin America and the developing world. I think that others will touch on those issues, because I do not have time.

I want to make three specific points about Cuban children, as cited in “Cuba, the untold history.” They are that almost 120 million children of primary school age in the world do not go to school—not one of them is Cuban; 250 million children under 13 years in the world are forced to work to survive—not one of them is Cuban; and over 1 million children are forced into child prostitution—not one of them is Cuban.

Here in Scotland we can help the Cubans in the struggle against the blockade, even in small ways.

Recently, two premises in Coatbridge—The Mint and Owen’s Bar—committed to being Cuba friendly by supplying Havana Club rum. I hope that others might follow in their footsteps. Last year, the UK Government signed a formal co-operation agreement with Cuba to promote closer dialogue and economic, scientific, technical, educational, cultural and sporting links. Many of those fields are devolved to Scotland and we already have a link with a formal twinning between Glasgow and Havana. It would be fantastic if, this evening, the Scottish Government could commit to looking into having a similar agreement in the devolved areas to inspire more co-operation between our two countries.

We can learn much from Cuba, particularly on education, sustainable development and healthcare, and we can share our good practice. Spain has a formal university exchange with Cuba, and Scotland could easily look at pursuing that.

Unlike other third-world countries, Cuba has no one who is starving, homeless or dying because they cannot afford healthcare. The people there are warm and friendly, which helps to underpin Cuba’s popularity as a holiday destination. The people simply want to assert their right to their sovereignty and to see an end to interference in their affairs by foreign Governments. Cuba shows that another world is possible.

I hope that the debate will help to highlight the case of the Miami five alongside Cuba’s righteous struggle against the US blockade and that it will encourage more Scots to visit Cuba for three good reasons: sun, salsa and socialism. ¡Viva Cuba!

The Presiding Officer: I call Sandra White, who has about four minutes.

17:10

Sandra White (Glasgow Kelvin) (SNP): Thank you, Presiding Officer. I thought that I might have a little longer for my speech.

I congratulate Elaine Smith on securing this historic debate and on lodging a motion that encompasses the injustice for the Miami five, who have been imprisoned in America since 1998. Serious doubts and concerns have been expressed around the world about the validity of their convictions. Even Jimmy Carter has said:

“I believe that the detention of the Cuban Five makes no sense, there have been doubts expressed in U.S. courts and by human rights organizations around the world ... I hope that in the near future they will be freed to return to their homes.”

Many in the Parliament and beyond echo that sentiment.

I welcome to the Parliament the Cuban ambassador, the families of the Miami five and the

others who are present. I know that the ambassador received a warm welcome this morning in Glasgow, my home town, when she was in Glasgow city chambers, which are in my Glasgow Kelvin constituency. I look forward to meeting her later with the cross-party group on Cuba.

I congratulate all those who were involved in organising the beyond the frame art exhibition in the Lighthouse in Glasgow, which is the first such exhibition in Scotland. From what I have heard, it has been a great success.

I will concentrate on two elements of the motion: the blockade and the cultural, economic and political co-operation between Scotland and Cuba. Elaine Smith described well the blockade and the history of the Miami five.

My husband and I visited Cuba a couple of years ago—in case any press are here, I say that it was a holiday and not a freebie. I was most impressed by the vitality of the people and the resilience that they showed through the blockade by America.

We must be honest about the fact that the blockade obviously affects Cuba's economy. However, as I toured the educational establishments, including universities and colleges, and visited hospitals—the service there is excellent, particularly in the eye hospitals, which are renowned around the world—I was impressed by the facilities. As Elaine Smith said, Cuba is a world leader in its health service and its education establishments. We can all learn from that and we must tell the rest of the world that the blockade is absolutely insane, not just for Cuba but for the rest of the world and America in particular.

I spoke to many officials in Cuba, who took me on tours of official establishments while my husband enjoyed the sun, sea and salsa. I was struck by the fact that, although Miami is only a couple of miles from Cuba, people in Cuba must get dried milk from Australia. That is unbelievable. People must take it on board that the blockade can go on no longer. Everyone must listen to that and ensure that America listens to that.

When I was a member of the European and External Relations Committee, I raised the issue of cultural links with Mike Russell, who was the responsible minister at the time. He did not give a guarantee—I spoke to him about it this afternoon—but he said that he would welcome the idea of looking at Latin American and South American countries. We should look at having links with Cuba. We have the China plan and the North America plan, so why cannot we have a South America plan that covers not just Cuba but Venezuela and other countries in that area?

We can learn a lot from the people of Cuba. Their vitality and what they do to deal with the blockade from America are awe-inspiring, and I take my hat off to them. I would salsa if it was allowed in the chamber—I may salsa later on with the Cuban ambassador and others.

This is the first debate about Cuba in the Parliament and Scotland in particular should look towards having cultural and economic links with Cuba, to show the rest of the world that we can be world leaders as well and to help the fantastic people of Cuba.

17:15

Drew Smith (Glasgow) (Lab): Patricia Ferguson, Scottish Labour's spokesperson on culture and external affairs, has asked me to pass on her apologies. She hoped to take part in the debate, but unfortunately she must attend to an urgent constituency matter.

I am grateful to speak in this important debate and I join Sandra White—and others, I am sure, as the debate continues—in congratulating Elaine Smith on securing it. It is the first opportunity that this Parliament has had to debate the broader subject of the United Kingdom's relationship with the Republic of Cuba, and the Cuban revolution.

To focus on the beyond the frame exhibition that has opened in Glasgow, members had the opportunity to view some of the pieces on display when Elaine Smith kindly organised an exhibition space in the Scottish Parliament last week. I hope that the exhibition, which has been given considerable support by the Scottish trade union movement and by Glasgow City Council, is a considerable success.

Glasgow has a vibrant and exciting art scene. It is also a very political city, as I was reminded on Sunday when we celebrated May day—international workers day. The combination of art and politics is therefore not an unusual one for Glaswegians.

Glasgow is also a friend of the Cuban people. While Alex Mosson was Lord Provost of Glasgow he was instrumental in signing the Glasgow-Havana partnership, which formally twinned the Clydeside to the Caribbean in 2002. I understand that when Alex Mosson shook hands with one Raul Castro to symbolise that agreement, the heavens opened and the Cubans were treated to a good west coast downpour. It was fitting that at that time Glasgow also played host to a festival that celebrated not just Cuban art, but Cuban music. I am sure—and I am sure that Elaine Smith is too, given her reference to it earlier—that Havana Club rum was also enjoyed by many Glaswegians on that occasion and in that celebration.

Cuba is a huge country that is much bigger than Britain, but it has a population of just 11 million. The revolution has led to steps forward that socialists on these islands would wish to highlight, such as the high standards of Cuba's universal healthcare system and its long-standing position as one of the world's most generous givers of international aid, despite its comparative position as a poor country.

The Presiding Officer will be aware that the Cuban people are not able to enjoy the best of relations with all their neighbours, not least because of the hostility to the revolution that still exists in the United States.

I had the privilege of hearing Rosa Aurora, the wife of one of the Miami five, speak at the Glasgow May day rally. I note the statement that was provided by Amnesty International yesterday. Of course, Amnesty is not an organisation that has been uncritical of Cuba, and it has raised concerns about human rights, which I would certainly wish to see upheld in Cuba as in any country—that applies just as much to the United States in relation to the Miami five. I associate myself with Amnesty's comments that the men's trial was unfair, and I very much hope that the United States will change its policy in relation to Cuba by ending the blockade, and that friendly relations, such as those that the United Kingdom has enjoyed with the island, can come about.

In August 2011, the United Kingdom signed a bilateral agreement with Cuba that sought to foster closer relations and partnerships, including in the cultural arena. The Minister for Parliamentary Business and Chief Whip will be aware that I asked the Cabinet Secretary for Culture and External Affairs in written questions about what the Scottish Government was doing to improve its relationship and to contribute to the United Kingdom's policy of partnership at that time. I was disappointed by the cabinet secretary's answer, which suggested that improving links with Cuba, despite the Glasgow-Havana link, was not a priority.

I hope that when he winds up, the minister will say a little more about what can be done as a result of the debate and the important visit by Her Excellency the Cuban ambassador to extend a hand of friendship from the Parliament across the Atlantic.

17:19

Jamie Hepburn (Cumbernauld and Kilsyth) (SNP): I, too, congratulate Elaine Smith on securing tonight's debate and welcome the Cuban representatives who have travelled to watch the debate—particularly the family members of those who are imprisoned.

As a confirmed philistine, I hope that I will be forgiven for not focusing on the beyond the frame exhibition so much as on the campaign behind it and other matters that are referred to in the motion. I wish those who are organising the exhibition well and hope that many people visit it in Glasgow. I hope that it will be successful in raising awareness of the Miami five and will contribute positively to securing their release after 13 long years in captivity as what any reasonable person would define as, in essence, political prisoners.

I suspect that the perspective of some on the imprisonment of these men is bound up with their wider political views and stance on Cuba more generally. I am not entirely uncritical of Cuba and the Cuban revolution. Huge social and economic achievements were made, but Cuba needs to do rather more to liberalise its political process—I say that as someone who admires many of Cuba's achievements. It would be unfortunate if the issue were to be viewed through a political prism because, although it is bound up in politics, it should be viewed more specifically as a lack of justice.

Elaine Smith reasonably set out what the Miami five have been imprisoned for. They were charged with being unregistered agents of a foreign Government and with conspiracy to gather and transmit national defence information. They were sentenced in December 2001 to prison terms ranging from 15 years to life for those charges. Amnesty International has pointed out that no evidence was presented against them at trial to show that the accused had handled or transmitted a single classified document or piece of information. It has since emerged—this is part of an on-going appeal for one of those who is imprisoned—that the United States Government secretly paid journalists to write prejudicial articles in the media at the time of the trial, thereby undermining the defendants' due process rights. Amnesty International has also set out its concerns about the location of the trial—Miami—not being conducive to a fair trial and about the fact that the defence attorneys were not allowed proper access to their clients or all the evidence that was to be presented.

As far as I am aware, the Miami five do not deny that they were unregistered agents of the Cuban Government, but one would have expected that to have resulted in their expulsion from America, not their imprisonment. They vehemently deny the other serious charges against them of which they were—dubiously, I think—found guilty. They contend that they were in the United States to monitor hostile Cuban groups that were complicit in acts of terrorism against Cuba. That raises the question of what evidence there is of terrorism against Cuba. Sadly, in the years leading up to the men's imprisonment, particularly in the year before

their arrest, there was plenty of evidence of attempts at terrorism. The US authorities were involved in seizing that evidence, but that did not result in any charges or imprisonment for those who were involved. Indeed, in the year before, there had been explosions on Cuban soil.

There is plenty of evidence to suggest that the Cuban Government had reason to be concerned about acts of terrorism being perpetrated against it, and it is clear that any claim by the Miami five that they had been monitoring terrorist activities should have been taken seriously. Undoubtedly, the fact that it was not taken seriously was born of the unfortunate continuing American suspicion of Cuba, to which other members have referred. I hope that, one day soon, that suspicion will be consigned to the dustbin of history.

17:24

Hugh Henry (Renfrewshire South) (Lab): I, too, thank Elaine Smith for giving the Parliament the opportunity to put on record our views about two important issues. The first of those is the plight of the Miami five, which is, as other members have said, a gross miscarriage of justice and a grave injustice. There are so many inconsistencies in the way that the United States is dealing with the Miami five that it is hard to go through them all.

On one level, I can understand that a country would worry about foreign interference in its domestic affairs. However, the United States can hardly say that its hands are clean when it comes to interference in the domestic affairs of other states. We have witnessed that powerful country using its power and influence to defend what it regards as its justifiable interests; we have seen it operating in Pakistan, in Yemen, in Africa, throughout South America and in Asia. It seems acceptable for the United States to operate outwith its boundaries in defence of its national interests yet, when it comes to others who are doing their best to look after the interests of their citizens, the US can behave in an aggressive and unfair way.

Other members outlined more powerfully and eloquently than I can how the trial was conducted and the wide range of people in the US, including former President Carter, who think that the Miami five should be freed. I hope that President Obama, of whom many of us expected so much when he was elected, might use the opportunity when he is re-elected later this year, as I hope that he will be, to reconsider the attitude of the US and to use his power and influence to do the right thing and send a message that the United States will stand on the side of justice and fairness and be seen to be a beacon of hope for others. While President Obama aligns himself with an unjust decision, he demeans not only himself but the United States. It is time to do the right thing.

The wider issue, which Elaine Smith and other members identified, is the attitude of the US to Cuba. The US still tries to strangle and stifle a neighbour that has a record of trying to do its best not just for its own people but for many people throughout the world, even though it has little material wealth. When a country that has so little at its disposal tries to do the right thing for people whom it regards as worse off, by exporting education, medical knowledge and so on, we can only admire its people and their efforts.

The attitude of the United States to Cuba is mean-spirited, inconsistent and irrational. For the sake of humanity, it is time that the United States dropped its prejudice and extended the hand of friendship to people in Cuba, who would be more than willing to work with the US to make a difference not only to that part of the world and to South America generally but internationally. It is time that the United States lived up to what many of us think should be its role on the world stage. I hope that President Obama will at last see the light.

17:28

Neil Findlay (Lothian) (Lab): I am delighted to take part in the first debate on Cuba in the Scottish Parliament.

Last night, the arts community came together to highlight the plight of five Cubans who have been incarcerated in US prisons on trumped-up charges, which, as members said, are an affront to international law and natural justice. It is ironic that the country that is the self-proclaimed leader of the free world and that claims to be at the forefront of the war on terror jailed people whose only crime was to try to prevent terrorism in their homeland.

The US has perpetrated a 50-year-long hostile campaign against Cuba, because of one thing: Cuba offers an alternative route, which is based on equality, humanity and justice. I have witnessed at first hand the application of that philosophy. My first visit to Cuba was as a tourist; my second was as a participant in the annual Cuba cycle challenge, which is organised by the Cuba Solidarity Campaign.

I will tell you something that you already know, Presiding Officer: I am not a natural athlete. Perhaps I am a natural darts and dominoes player, but that is about it. However, I got myself a bit fitter for the journey, and when we cycled the 200 miles through the country, we experienced its sights, sounds and culture. We attended the May day parade in Revolution Square and saw the pride that Cubans have in the achievements of the revolution. Apparently, a million people were there, but I think that every single person in the world was there. I have never seen so many people.

We saw at first hand the emphasis that is placed on the provision of excellent healthcare facilities. At a polyclinic, we saw the full range of services provided locally that we can get in a hospital. People are referred there by their family doctor, who lives in the community that they serve. We also saw the large regional hospitals, which provide specialist services that cannot be provided locally. There are very short waiting times. The wait for major heart surgery, for example, is a maximum of four weeks. I wish that we could achieve such things.

The focus on health undoubtedly produces real results. According to the World Health Organization, life expectancy in Cuba is 75 years for men and 80 years for women. Members should remember that that is in a developing country. Its infant mortality rates are better than those of the US and the UK, and that is achieved on a shoestring budget that is less than a tenth of the UK's and a twentieth of the US's budget. Simple, free access to general practitioners is the bedrock of the healthcare system, and there are 14,000 family doctors for the population of 11.2 million. That is a ratio of one family doctor to 785 people. If we include all the doctors in hospitals, colleges and other places, the ratio falls dramatically to one for every 175 people, which is an astonishing figure.

Hugh Henry mentioned internationalism. We must recognise Cuba's internationalism. Cuba does not export arms; it exports medicines, doctors, nurses and teachers. The operation miracle campaign has improved the sight of people throughout Latin America and beyond by removing their cataracts and healing other eye complaints. Hundreds of thousands of people have benefited from that campaign.

When the catastrophic earthquake struck Haiti, Cubans were the first there. They provided field hospitals, vaccines, emergency shelters and foodstuffs. Cuba sent 6,000 community health professionals to Venezuela and Ecuador to establish clinics in the countryside and the favelas, where healthcare was previously non-existent. After hurricane Katrina, of course, the Government of Fidel and Raul offered medical assistance to the US Government to help with the disaster, but that offer was disgracefully refused by the bigots in the White House, who would rather have seen their people suffer than allow them to be healed by Cuban doctors and nurses.

In education, despite the system being starved of resources because of the blockade, every child gets the same opportunity. Some 99.8 per cent of adults are literate. Higher education is free, and there is one teacher for every nine students in primary schools and one teacher for every 11

students in secondary schools. Perhaps that is a comment on our ambitions for a one to 20 ratio.

We should remember that Cuba is not a wealthy country—indeed, quite the opposite is true. In the early 1990s, it lost almost 90 per cent of its trade with the collapse of the Soviet bloc. Did the Cubans see cuts in their health, education and other vital sectors at that time? The answer is no. They adapted and survived, and introduced many new initiatives and policies along the way, including the organic farming revolution.

In conclusion, how can it be that such a country, which has been under all-out economic attack for 50 years, operates on a shoestring budget, and has had sanctions imposed and tightened time and again, its politicians vilified and numerous attempts on its life, continues to survive and lead? It does so because its priorities are very different from ours.

The Presiding Officer: I call Brian Adam to wind up the debate. Minister, you have around seven minutes.

17:34

The Minister for Parliamentary Business and Chief Whip (Brian Adam): I shall endeavour to restrict my comments to that length of time.

Obviously, Fiona Hyslop would normally respond to the debate, but she is elsewhere on behalf of the Government.

I thank Elaine Smith for lodging the motion, and welcome on the Government's behalf the beyond the frame art exhibition by Cuban artists, which is currently being displayed at the Lighthouse in Glasgow. Some of the work was displayed in the Parliament last week and I know that many members took time out to view the exhibition on their way to and from the chamber.

As members have heard, the exhibition supports the campaign for the Miami five, a group of Cuban citizens imprisoned in 1998. The case is Cuban and a bilateral matter between the US and Cuba. On the wider issue of global human rights, the Scottish Government recognises that fundamental rights are about more than just criminal procedure. They are about fundamental fairness, which includes the right to fair trial and the right to effective remedy under law. They are also about the treatment of those who lose their liberty, and that not being a licence arbitrarily to deprive those people of further rights. Those are principles that all states around the world should aspire to. The US has been at the forefront of championing them across the world.

It is interesting to note that the Government in Cuba has begun a process of reform, which we very much hope will continue. Both now and in the

future, the Scottish Government will promote a positive vision of human rights around the world and raise human rights issues with our international partners when the opportunity presents itself. Domestically, we speak regularly to Amnesty International and we continue to seek its expertise on these matters.

This exhibition is just one example of links between Scotland and Cuba, particularly cultural links. Annually, our festivals invite acts from around the world to perform here. In 2009, we welcomed the Creole Choir of Cuba as part of the Edinburgh international festival. In 2011, Soy de Cuba performed as part of the Edinburgh fringe festival with a display of Cuban music and dance.

As we have already heard, Glasgow is twinned with Havana. I am sure that there are many similarities between the two cities, but one thing I know for sure is that the weather is very different. I was interested to hear of the bars in Coatbridge that have achieved Cuban-friendly status by offering their customers Havana rum. Although I am glad to hear that Scots are contributing to the Cuban economy, I hope that the locals are adhering to the Scottish Government's advice and drinking sensibly. The process is not just one way: we send them our national drink. In 2011, our whisky exports to Cuba were in excess of £700,000, which was a 15 and a half per cent increase compared with 2010.

There is scope for further connections to be made in other areas. We understand that only a very small number of Cuban students have chosen to study at Scottish universities. We have heard a lot about the Cuban education system and how successful it is at producing graduates—particularly medical graduates—and in sharing that experience elsewhere in the world. Any increase in the number of Cuban students at Scottish universities would be very welcome indeed.

The Scottish Government's international engagement, however large or small, makes a crucial contribution to our key purpose of increasing sustainable growth. We are ambitious for Scotland, and we will seek opportunities for engagement throughout the world. Latin America is certainly one area in which we will consider opportunities for engagement that will benefit the Scottish economy.

My colleague Fiona Hyslop welcomed the Cuban ambassador to the UK to Scotland in late 2009, and it is a pleasure to see the ambassador in the public gallery today. That meeting was aimed at developing relationships and gaining a better understanding of our respective countries. We hope that the ambassador has enjoyed her visit to the Parliament and will enjoy the event following the debate, which I unfortunately cannot

attend. I thank the ambassador very much for attending the debate.

The Cuban minister for energy visited Glasgow in early 2010 and, as a direct result of that visit, Scottish Development International supported an academic mission in travelling to Cuba in October 2010 to look at the potential for assisting in a bioenergy programme. I hope that members will see that the Scottish Government is continuing to consider opportunities for engagement throughout the world as they arise.

I once again thank Elaine Smith for lodging the motion, and I thank members on all sides of the chamber for their positive contributions, particularly in relation to encouraging and growing cultural, educational and economic links between our two countries, which is certainly on the Government's agenda.

Meeting closed at 17:40.

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