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Pàrlamaid na h-Alba

Official Report

MEETING OF THE PARLIAMENT

Thursday 25 April 2013

Session 4

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Scottish Parliament

Thursday 25 April 2013

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

General Question Time

Repeat Prescription Charges

1. Chic Brodie (South Scotland) (SNP): To ask the Scottish Government whether it will provide an update on repeat prescription charges. (S4O-02035)

The Minister for Public Health (Michael Matheson): There are no charges for repeat prescriptions. Prescriptions are free to all national health service patients in Scotland. In the 12 months up to the abolition of prescription charges, just under 432,000 prescription prepayment certificates were bought by patients. The certificates covered periods of four or 12 months and were aimed at patients with repeat medicine needs. All those patients are now benefiting from the removal of a tax on ill health.

Prior to abolition, it was estimated that some two thirds of paid-for prescriptions could be attributed to treating long-term conditions, for which repeat prescriptions are most common. That shows how our policy on free prescriptions is helping the most vulnerable people in our society to access the medicines that they need, so that they no longer have to put cost before their health.

Chic Brodie: Last year, the Cabinet Secretary for Health and Wellbeing said that substantial potential savings could be made from reducing the number of repeat prescriptions that are not bona fide. Will the minister update me on the Scottish Government's plans to improve the system for managing repeat prescriptions?

Michael Matheson: The prescribing workstream in NHS Scotland's efficiency and productivity programme aims to develop an information technology tool and a best-practice document to help general practices to improve the quality of their repeat medicine review processes. We are giving careful consideration to the management of repeat prescription lists to reduce the potential for overordering of medicines that are not required by patients—Chic Brodie referred to the issue.

The aim of the IT tool will be to support general practitioners, in a straightforward way, to implement the repeat medicines review, polypharmacy and Scottish patient safety programme initiatives. The IT tool and the best-practice document should be available to NHS

boards and GP practices during the course of this year.

Dr Richard Simpson (Mid Scotland and Fife) (Lab): I thank the minister for his comprehensive replies on tackling medicine waste. Will he say how the registration of patients with pharmacists for the chronic medication service is progressing?

If I buy paracetamol over the counter, it costs 25p; a free prescription for paracetamol costs the national health service £3.10. The total cost of free paracetamol prescriptions was £7.2 million. In a time of austerity, is it not time for a radical rethink, or is the minister happy to continue to spend taxpayers' money in that way?

Michael Matheson: I am not entirely sure whether Richard Simpson is advocating the reintroduction of prescription charges. If that is the case, it is to be regretted. The free prescription policy that we have introduced in Scotland helps to support the most vulnerable people in our society, who often had to choose between paying for their medication and putting food on the table. We made the decision to end such a tax on ill health, and we will continue to pursue the policy, in the interests of the people of Scotland.

Prisoners (Throughcare and Support)

2. Mary Fee (West Scotland) (Lab): To ask the Scottish Government how it evaluates the throughcare and support given to prisoners. (S4O-02036)

The Cabinet Secretary for Justice (Kenny MacAskill): The Scottish Government is currently undertaking a review of voluntary throughcare, as part of phase 2 of its reducing reoffending programme. The review will explore options for improving support for prisoners, in custody and on their release into the community.

We know that if throughcare support is to be effective, services and release plans need to be in place beyond the prison gates. That is why, on 11 April, I announced funding of £7.7 million through the reducing reoffending change fund to support the delivery of mentoring support to offenders across Scotland, pre and post-release. Mentors will work with individuals and, if appropriate, their families to help them to make positive choices and to enable them to live their lives free from crime.

Mary Fee: I recently met ex-offenders and was alarmed to hear of a fragmented system of support and throughcare that does little to support offenders and their families. Given the current level of reoffending in Scotland and the difficulties that many prisoners face in integrating back into society on release, does the cabinet secretary agree that throughcare should start from the first day that the offender spends in prison?

Kenny MacAskill: In an ideal world that would be the situation. That is what the Scottish Prison Service does. On the first day, there is usually an analysis of the prisoner's needs and wants. That can vary from just checking them in to dealing with the accommodation that they have left and dealing with problems that they might face in terms of families and pets—the whole gamut—never mind assessing their needs around drugs, alcohol, mental health, dyslexia and a variety of other matters.

The member is right to raise this issue. We as a Government are investing in throughcare and seeking to ensure that we have mentoring and we meet people at the gates. The member is right that, although the Scottish Prison Service cannot be responsible for what will ultimately happen outwith the prison, it has—and I think accepts—the responsibility for starting the assessment of people in its care and control. That is a matter that the chief executive of the SPS, Colin McConnell, will prioritise and I am sure that he would be happy to meet the member to discuss it with her.

Sandra White (Glasgow Kelvin) (SNP): I thank the cabinet secretary for his answers, particularly what he said about the roll-out of more programmes on mentoring. Will the mentoring programme include both prison staff and other offenders or ex-offenders helping with mentoring? How will it work as it is rolled out into the community?

Kenny MacAskill: The member raises an important issue. We know that mentoring is effective in helping offenders to make more positive choices. It is important that a variety of organisations and individuals be involved. Sometimes that will involve a professional prison officer but, equally, sometimes mentoring and support can be provided by ex-offenders. I met Tom Halpin, the chief executive of Sacro, which is developing and dealing with a mentoring service in the community that relates specifically to female offenders. It involves those who have been through the challenges—who have not just talked the talk but walked the walk—which we know is important. Mentoring comes in a variety of shapes and forms. As a Government, we are committed to it and we are investing in it. It is important that all parties be supported, whether through professional or peer support.

Independence Referendum (Campaign Funding)

3. James Dornan (Glasgow Cathcart) (SNP): To ask the Scottish Government what recent discussions it has had with the Electoral Commission regarding campaign funding and donations in relation to the independence referendum. (S4O-02037)

The Deputy First Minister and Cabinet Secretary for Infrastructure, Investment and Cities (Nicola Sturgeon): Government officials have regular discussions with the Electoral Commission about the commission's role in the referendum, including campaign regulation. The commission published a report on, among other things, campaign spending limits on 29 January 2013. The Scottish Government accepted all the commission's recommendations and that was of course reflected in the terms of the Scottish Independence Referendum Bill.

James Dornan: In *The Daily Telegraph* of 26 September 2012, the Labour MP John Mann described Mr Ian Taylor's donations to the Conservative Party as "dirty money" and was reported as demanding that the Tories hand the money back. The minister will be aware of the public concern about the donation and might have seen the petition by national collective about it.

The Presiding Officer (Tricia Marwick): Can we get the question, Mr Dornan?

James Dornan: I have signed the petition and urge others to do so.

Does the cabinet secretary agree that Scotland's referendum must be conducted to the highest possible standards and that therefore the no campaign should hand Mr Taylor's £0.5 million back pending a full internal investigation of that dodgy donation?

Nicola Sturgeon: I am aware of the concerns that have been raised in the past couple of weeks and of the seriousness of the questions that have been asked. I am also very aware that there are those in the Labour Party who previously criticised donations from the same source when they were made to the Conservative Party. It is obviously not for me to run the no campaign, but I agree that it might well be a wise course of action for it to hand back the money pending an internal investigation of the type suggested by the member. I am also aware that a petition is being pursued, although that is of course a matter for the Public Petitions Committee. For our part, we are absolutely determined that this referendum will be run to the highest standards of probity.

Youth Unemployment

4. Jim Eadie (Edinburgh Southern) (SNP): To ask the Scottish Government whether it is planning additional measures to tackle youth unemployment and promote apprenticeship opportunities. (S4O-02038)

The Minister for Youth Employment (Angela Constance): The latest employment figures, which were published earlier this month, indicate that we are seeing positive results from our efforts to date. Youth unemployment in Scotland has

fallen by 29,000 in the past year, to 65,000. That is a 6.8 per cent fall, to 16.1 per cent, and the lowest rate since December to February 2010. For the second year running, we have surpassed our target to provide 25,000 modern apprenticeships. That shows that our efforts to support young people into work are making a difference. Of course, more needs to be done. I can assure Mr Eadie and Parliament that we will continue to use every lever of power available to us to tackle youth unemployment.

Jim Eadie: I welcome the reduction in youth unemployment. What further measures will the minister take to build on that success to ensure that every 16 to 19-year-old has the offer of a place in education or training so that all young people in Scotland have every opportunity to fulfil their true potential?

Angela Constance: I put on record my thanks to employers large and small throughout Scotland, and employers throughout the public, private and third sectors, who are making every effort to provide young people with an opportunity to enter the world of work. We have some distinctive policies in Scotland, such as free tuition and opportunities for all. The modern apprenticeship programme is very different in Scotland. We have community jobs Scotland and the employability fund and, of course, this year we have the most ambitious employer recruitment incentive as we move forward with the make young people your business campaign.

We can evidence that, as a result of Government policy, combined with the endeavours of employers throughout Scotland, we are making progress. The latest statistics show a very welcome, significant step in the right direction. However, now is the time to increase our resolve and not to be blown off course. We could do more if Jobcentre Plus and the Department for Work and Pensions were devolved. I very much regret that the United Kingdom Government will not implement the European youth guarantee.

Ken Macintosh (Eastwood) (Lab): I, too, welcome the recent fall in the number of young unemployed people in Scotland and any addition or improvement to the apprenticeship programme that the minister can offer.

Does the minister share my alarm at the almost 300 per cent increase in the claimant count for young people who have been unemployed for more than two years? Is there anything specific that the Government can do to help that particularly vulnerable and disadvantaged group?

Angela Constance: Mr Macintosh's question is in the right vein and I share his concern. The latest figures show that the number of young people claiming benefits for more than 12 months is

increasing. For me, that begs serious questions about the impact of the work programme. Mr Macintosh will be well aware that we have no influence or control over the work programme, which I very much regret.

All our policies in this Parliament strive to prevent youth unemployment from becoming long-term unemployment. That is why we are very much looking at prevention. Unlike the UK Government, we believe that we have to intervene earlier as opposed to later. With youth employment Scotland, the most ambitious employer recruitment incentive, which will be available this year, we will endeavour as much as we can to ensure that young unemployed Scots do not become long-term unemployed. I hope that we will have Mr Macintosh's support in doing that.

The Presiding Officer: If we could have brief questions and answers, we might make some progress.

Cod Recovery Plan

5. Stewart Stevenson (Banffshire and Buchan Coast) (SNP): To ask the Scottish Government what recent representations it has made to the European Commission regarding the cod recovery plan. (S4O-02039)

The Cabinet Secretary for Rural Affairs and the Environment (Richard Lochhead): The Scottish Government met the European Commission as recently as 15 April to press our case for changes to the cod recovery plan and, in particular, for Scottish vessels that catch very little cod to be made exempt from limits on their days at sea. My officials will continue to discuss that issue with the Commission at every opportunity. I hope to discuss it with the commissioner when I attend the next Council of Ministers meeting in May.

Stewart Stevenson: Is the minister aware that, once again, we are likely to see the unnecessary and early closure of a number of valuable fisheries, which will threaten livelihoods in communities across Scotland? Can the minister tell the chamber what action might stem from the European Commission, in particular in delivering greater control that we might exercise over our fisheries stocks?

Richard Lochhead: The Scottish Government's intention is to ensure that our fisheries remain open for as long as possible throughout the next year—indeed, we achieved that in 2012. However, the cod recovery plan is dysfunctional; it is made in Brussels and it is inappropriate for Scottish circumstances and Scottish waters. That is why more of these decisions have to be taken closer to home. In the meantime, we are arguing for the cod recovery plan to be much more appropriate for our circumstances and for it to be flexible. At the

moment, it encourages vessels to target cod, not to avoid cod, which is counterproductive to the aims of the plan.

Tavish Scott (Shetland Islands) (LD): The cabinet secretary will be aware that the International Council for the Exploration of the Sea scientific figures for 2012 show that the spawning stock biomass of cod in the North Sea is two and a half times larger now than it was in 2006. In the light of that, is he prepared to say that the cod recovery plan has come to the end of its useful life and that it should be abolished? Also, when will regional management take over in the North Sea?

Richard Lochhead: I have just said that the cod recovery plan is not fit for purpose; the huge sacrifices that have been made by the Scottish fleet over the past decade or so are paying dividends, as illustrated by the statistics that Tavish Scott just read out. We have to have conservation policies in place, but the cod recovery plan is not fit for purpose. The sooner we have regionalisation, which I hope will happen as soon as possible, the sooner we will be able to have appropriate policies in place in Scottish waters.

NHS Lothian (Readmission Rates)

6. Sarah Boyack (Lothian) (Lab): To ask the Scottish Government what recent discussions it has had with NHS Lothian regarding the board's investigation of readmission rates. (S4O-02040)

The Minister for Public Health (Michael Matheson): The Scottish Government considers and shares a range of healthcare quality statistics with NHS boards to support improvement and benchmarking. Those statistics include hospital standardised mortality ratios, readmission rates, lengths of stay, accident and emergency waits and hospital-associated infection rates. We encourage health boards to monitor their performance across all those areas and other relevant indicators to drive continuous performance improvement.

NHS Lothian will be working with the Information Services Division to understand the factors influencing its readmission rates more fully. The Scottish Government will be updated on the outcome of that work and we will share the findings with other NHS boards as part of our improvement approach.

Sarah Boyack: NHS Lothian is facing well-documented capacity issues and the fact that more than 11 per cent of medical patients are being readmitted will add to that pressure. A recent audit of the Edinburgh royal infirmary found that the hospital was at 110 per cent capacity, with more than one in five patients hit by delayed discharge. What additional funds is the Scottish Government providing to enable local authorities

to deliver on the four-week target that the minister set from this month, given that the six-week targets were still not being met in 15 out of the past 20 quarters?

Michael Matheson: It is important that we allow NHS Lothian to undertake the review to get to the bottom of why there are variations in its readmission rates, particularly in the medical and surgical units. That review has to be undertaken on a site-by-site basis, so that NHS Lothian can interrogate that data as thoroughly as possible in order to look at what the implications are from the acute end as well as from a primary care and a community care angle.

My understanding is that the review work will be reported to the board's healthcare governance committee in June, which will allow it to look at what further measures may be necessary to address that issue. That will include looking at areas such as delayed discharges and how it is working with different local authorities to address such issues. The board will share those findings with us, and we will then share them with other health boards in Scotland to look at what further improvements can be made as a result of the review.

Cattle and Sheep Farmers

7. Angus MacDonald (Falkirk East) (SNP): To ask the Scottish Government what assistance it is providing to cattle and sheep farmers in light of reported difficulties in these sectors. (S4O-02041)

The Cabinet Secretary for Rural Affairs and the Environment (Richard Lochhead): No one could fail to be moved by the pictures of the devastation that was caused to farming communities by the recent extreme winter weather, particularly in the south-west of Scotland. We provided £500,000 to the Fallen Stock Company to reduce the costs that were incurred by farmers for the disposing of lost animals, and dialogue continues with the industry as to what further assistance can be given. I hope to make a further announcement about that next week.

Angus MacDonald: The cabinet secretary will have seen recent media reports that claim that Scottish farming is facing its biggest crisis since foot-and-mouth disease, due to the exceptional weather in various parts of the country. Given the lack of grass, many livestock producers are facing the high price of feed and the unseasonably high fallen stock figures. What more can the Scottish Government do to assist livestock farmers at this difficult time?

Richard Lochhead: The member is quite right about the severity of the impact on Scottish agriculture. During the recent severe weather, we opened a hotline, hired seven tracked vehicles for

use across the country and arranged with SSE to use its helicopter to drop feed in inaccessible areas at the request of farmers. As I indicated, we also made resource available for picking up fallen stock. I am willing to make further support available—as I said, we will make an announcement next week. We will stand by Scottish agriculture in its hour of need.

First Minister's Question Time

12:00

The Presiding Officer (Tricia Marwick): I am very sad to have to inform members of the passing of our dear friend and colleague Brian Adam this morning.

Our flags are already being flown at half-mast. Parliament will debate a motion of condolence next week, when members will have an opportunity to pay full tribute to Brian. There will also be a book of condolence available after First Minister's questions today in the black-and-white corridor, and I know that members will wish to add their contribution to it.

Today, however, our thoughts are with Brian's wife, Dodie, and his family.

The First Minister (Alex Salmond): Presiding Officer, I thank you for the courteous way in which you have informed the chamber and for the way that you have given us the sad news.

Brian Adam was an exceptional member of the Scottish Parliament. He was one of the absolutely crucial people who did what many thought was impossible in sustaining a minority Government as chief whip, and I was delighted to see him serve as a minister in the Parliament.

Of course, his greatest service was to the people of Aberdeen over a quarter of a century, first as a councillor and then as a member of the Scottish Parliament. I am proud to say that I have known and admired him over that entire period as an outstanding politician, a fine human being and a dear friend.

Our condolences, which I know are shared by every single member in the chamber, go to his wife, Dodie, and their five children—Neil, Jamie, Sarah, David and Alan—at what is obviously, for them, the most difficult time of all.

Johann Lamont (Glasgow Pollok) (Lab): On behalf of my party, my colleagues here and indeed all those who have served in the Parliament since 1999 but are no longer with us, I say that we are deeply saddened by the news that Brian Adam has passed away. I have always recognised in him a man of strong conviction, decency and profound faith, and a man who cared deeply for his family, his party and his country.

Our thoughts are with those who feel his loss most sorely. I know that this is a very sad day indeed for those here who not only had the privilege of working with him as a colleague, but who loved him as a friend. We share your sadness at the loss of a fine parliamentarian and a fine Scot.

Engagements

1. Johann Lamont (Glasgow Pollok) (Lab): To ask the First Minister what engagements he has planned for the rest of the day. (S4F-01315)

The First Minister (Alex Salmond): I thank Johann Lamont for the way in which she has expressed sympathy to Brian Adam's family and friends.

Later today, we will carry forward the Government's programme for Scotland.

Johann Lamont: If Scotland votes yes in the referendum, the first budget for an independent Scotland will be set in 2016. Who would the First Minister prefer to sign it off—Ed Balls, George Osborne or Angela Merkel?

The First Minister: I must not pick the Cabinet in advance, and I must not say in advance of the Scottish people, but if the Scottish people back the Scottish National Party, given the way that things stand just now, that first budget will be set by John Swinney.

Johann Lamont: We all know that that is not true, given what has been said in the past week. Despite the fact that the Government has deployed the First Minister, the Deputy First Minister and, indeed, John Swinney himself, it has been unable to answer the very simple question about the implications for Scotland of being in a sterling zone.

I agree with the First Minister that George Osborne is a slippery, untrustworthy man; I just do not understand why he thinks that that will change after the referendum. I agree that George Osborne's fiscal and monetary policies are wrong for Scotland and for the whole United Kingdom, but it is Osborne with whom the First Minister will do the deal if he wins the referendum.

That is the difference between Alex Salmond and me. I want to get rid of the Tories and keep the union; he wants to get rid of the union and keep the Tories in charge of the economy.

Can the First Minister explain to me—and perhaps some of his colleagues—why that would be independence?

The First Minister: I point out that somewhere in that question Johann Lamont seemed to concede the first elections to an independent Scottish Parliament. If that is the case, I am absolutely delighted.

The arguments for a sterling area were set out in enormous detail by the fiscal commission some weeks ago. We can point out on the basis of last year's figures—for example, the £4 billion relative surplus that Scotland had compared with the United Kingdom Treasury—the ample room for manoeuvre. Would that we had the ability now to

generate the income that Scotland generated and use it to benefit the people of Scotland. That is the sort of flexibility over taxation and spending that Scotland would have as an independent country.

Johann Lamont is in an unfortunate position in that, even when she proposes an increase in flexibility over fiscal policy by control of income tax, the members of Parliament at Westminster whom she is meant to control describe it as being "dead in the water" and it does not even get discussed at the Scottish Labour conference. Perhaps it is not surprising that she is apparently conceding the first elections to an independent Scottish Parliament. The Labour Party should try harder to unite with its own MPs instead of uniting with George Osborne—that "slippery character"—in the better together campaign.

Johann Lamont: Well, that felt like an infestation of squirrels, I have to say. We now seem to be in a position where we no longer cry freedom, we cry flexibility—whatever that might mean. The First Minister has yet to answer a simple question about the implications of his choice, with no plan B for the currency. John Swinney told the BBC that Scotland might leave the United Kingdom without paying any debts at all. It seems that while there are some who say that an independent Scotland might end up like Greece, John Swinney wants us to start off like Greece, by defaulting on our debts.

Four weeks ago, I asked the First Minister what his plan B was if we could not agree on a currency union. Like George Osborne, he said that there was no plan B. So, is his strategy to say, "Let us into a currency union or we won't pay our debts"? If that fails, would not Salmond's Scotland start off life as an international pariah without a currency?

The First Minister: Our position, as set out in the fiscal commission's report, is that Scotland is entitled to a proportionate share of the assets of the United Kingdom and of the liabilities of the United Kingdom. That is the responsible position that we have put forward. As Mervyn King said before the committees of the House of Commons, the Bank of England is not just a bank of London; it is the bank of Scotland and the rest of the UK. What John Swinney was pointing out, and it is a realistic point to make, is that if George Osborne says that all of the monetary assets belong to him and the London Government, then by definition—as night follows day if one pursues that argument—so do the liabilities. People may have noticed that George Osborne and Alistair Darling between them have piled up an enormous number of liabilities over the past few years.

Johann Lamont criticises the Conservative Party. Can I just say to her that it is kind of difficult to do that when she is in alliance with the Conservative Party? She cannot say that she does

not like what George Osborne is doing to Scotland, then campaign shoulder to shoulder with him in the better together campaign. We are in the remarkable position of having Alistair Darling, the leader of the better together campaign, saying—he said it on Saturday—that we must not believe a single thing that George Osborne says and that nothing that he says has any credibility. George Osborne says about Alistair Darling that anything that he said has no credibility and that politically he is a “dead man walking”. So two people who do not believe in each other’s credibility are the ones who are saying to Scotland what we cannot do.

However, we can be an independent country with control over our resources and taxation, and that will make Scotland much better off than the better together campaign would ever manage.

Johann Lamont: The First Minister talks about credibility, but he changes his position on the currency more times than I change my shoes. The only consistent thing about his position on the currency is that it is not consistent—he does not say the same thing from one week to another. In addition, the First Minister talks about building up liabilities. Yes, we remember how those liabilities were built up: saving the Royal Bank of Scotland, the bank that the First Minister used to work for.

If the First Minister has no plan B, his position boils down simply to this: “Please, gonnæ please, let us be in a currency union,” with no credibility about what he would take into the negotiation.

It is clear from the First Minister’s last response that he does not understand why this matters. He thinks that it is a bit of a game or a bit of a knockabout, but it matters to families worrying about what currency their wages will be paid in and how they will put food on the table. It matters to pensioners, who are entitled to know how their pensions will be paid. It matters to the person who has saved all their life and who now wonders what those savings will be worth if there is a yes vote. It matters to anyone who is paying off a mortgage, anyone with a job and anyone with a business.

What currency we have is a most basic question, and it is astonishing that the First Minister has been unable to answer it. But let us pause. What the First Minister is saying is that he wants a divorce but to keep the joint bank account. Is he not gambling with Scotland’s future on the basis of good will from neighbours we would just have rejected?

The First Minister: When we published the report of the fiscal commission working group, which is an extensive document, we put forward in enormous detail why we think it is in Scotland’s interests to have a sterling area after independence and why it is overwhelmingly in the interests of the rest of the United Kingdom. There

are a whole range of points about trade flows between Scotland and the rest of the United Kingdom, but probably the most substantial point is the Scottish resources—£58 billion—that would bankroll the sterling area. What on earth would happen to sterling if that was outside the sterling area? Therefore, we are dependent not on good will or munificence, just the obvious, overwhelming economic self-interest of the rest of the United Kingdom. That is perhaps why, when the chancellor was asked four times on “Newsnight” whether he was ruling it out, he refused to do so. Almost simultaneously, Danny Alexander was asked four times on the other programme, and he refused to rule it out.

Johann Lamont says that she does not know the SNP’s position, and I have just set out what the SNP’s position is. What is Labour’s position? Never mind Alistair Darling. On “Newsnight” on 30 May 2012, Ken Macintosh said to Gordon Brewer:

“Remember the five tests for joining the euro?”

Gordon Brewer said:

“Yes, is that still Labour’s—do you still have five tests?”

Ken Macintosh said:

“Five tests to join the Euro? Certainly.”

Maybe Johann Lamont should bring her own finance spokesman into line, never mind the MPs at Westminster.

Then, of course, we have independent adjudication of these matters, so let us turn to David Blanchflower, former member of the monetary policy committee, who was appointed by a Labour Government. This week, he said that there are

“no major obstacles at all to a currency union if both sides acted with an open mind.”

He said that the UK Government has

“just made it up: it’s political more than economic”.

He added:

“It’s certainly pretty likely, given how disastrous George Osborne has been, that if Scotland had had their own fiscal policy, they would’ve done better”.

He also said:

“Osborne lecturing the Scots on economics is like a freshman who failed Economics 101 giving the keynote address to the American Economic Association.”

I agree with David Blanchflower, the eminent economist whom the Labour Party appointed to the monetary policy committee.

Prime Minister (Meetings)

2. Ruth Davidson (Glasgow) (Con): I associate myself and my party with the tributes paid to Brian Adam. Too often, people see only

the conflict in this Parliament. They do not see the camaraderie. Brian Adam had friends on all sides of the chamber. He took great pride in serving the people of Aberdeen, first as a councillor and then as a parliamentarian, and he did so with diligence and decency. The thoughts of everybody on this side of the chamber are with his family, his friends and his colleagues at this time.

To ask the First Minister when he will next meet the Prime Minister. (S4F-01313)

The First Minister (Alex Salmond): I thank Ruth Davidson for her generous tribute, which will be much appreciated by Brian's family.

I have no plans in the near future.

Ruth Davidson: The First Minister seemed very keen to use quotations just a moment ago. I gently remind him of his own words in November 1999, when he said:

"the pound sterling has been a millstone around Scotland's neck costing Scotland jobs and prosperity."

Ten years later, he said:

"we're in sterling and sterling is sinking like a stone."

He has also said:

"We cannot allow ourselves to be held back by clinging onto sterling."

At what point in the First Minister's political journey did the pound sterling stop being a millstone and start being a life raft?

The First Minister: Ruth Davidson is in alliance with Danny Alexander, the Chief Secretary to the Treasury, who was the leader of the pro-euro campaign. When I was a member of Parliament, the Conservative Party was making plans to join the euro, I seem to remember. [*Interruption.*]

The Presiding Officer: Order.

The First Minister: I do not think that Ken Clarke has ever revoked his support for the euro. Ruth Davidson is also in alliance with Alistair Darling, who was in support of the euro.

I merely point out that the consistent thread of the Scottish National Party—unlike that of the other parties—is that we put forward what is in Scotland's economic interests. That is the basis of the fiscal commission working group and the basis on which the SNP and the Scottish Government will always act.

The difficulty with the Westminster Government is that more than often—very often—the interests of Scotland are very, very far from the top of its agenda.

Ruth Davidson: It is not like the First Minister to be shy in just telling us that it was when a more fiscally responsible Conservative Government came in, in 2010.

Let us leave aside the bluff, bluster and whatever that answer was supposed to be. The First Minister has already had the United Kingdom chancellor and the former Bank of England experts, Professor Charles Nolan and John Nugée, telling him that it would be unbelievably difficult to secure his preferred choice of a sterling zone. Even the First Minister's former economic adviser, Professor John Kay, said that he should "expect to fail" in his negotiations. Indeed, politically, his fellow separatists Margo MacDonald, Jim Sillars and Patrick Harvie have all said that independence should mean Scotland having its own currency.

We know that the First Minister is a gambler, we know that he is reckless, but is he honestly telling Scotland that he would enter negotiations with no bargaining position and no back-up plan? [*Interruption.*]

The Presiding Officer: Order.

Ruth Davidson: Okay, I will ask the Deputy First Minister and the First Minister to tell us what plan B is. Is it to use sterling anyway, as Ecuador uses the US dollar, or is it to have a separate currency, as his economic adviser suggests—the bawbee?

The First Minister: The bargaining position is £50 billion of Scottish assets that underpin the UK economy.

We have a Conservative Party that is celebrating because, over the past six months, UK gross domestic product has flatlined entirely. We have a chancellor who is playing with fire, according to the International Monetary Fund, and has been downgraded by two of the three rating agencies, yet the better together campaign is still delivering leaflets that say, "You've got to maintain AAA status by voting for the union."

With great respect, when we publish a report by a group that includes two Nobel laureates and a professor of economics at Harvard, which sets out in the most enormous detail the arguments for a sterling area, at the very least we expect the Chief Secretary to the Treasury to read it. Danny Alexander refused four times to rule out the idea of a sterling zone; in the middle of that, he said that the arguments had not been put forward. The arguments were put forward in enormous detail in that report.

It is high time that the better together campaign started reading and stopped delivering leaflets that claim an AA status.

Members: An AA status?

The Presiding Officer: Order.

The First Minister: I am anticipating the next report from Moody's, which will take the status down.

There it is: the downgraded party in Scotland defending the downgraded chancellor. We defend the interests of Scotland in the knowledge that Scottish resources are our bargaining position.

The Presiding Officer: Rob Gibson has a constituency question.

Rob Gibson (Caithness, Sutherland and Ross) (SNP): To ask the First Minister what help can be offered to 70 employees who risk losing their jobs following the liquidation this week of the Ictech freezer factory in Caithness after 40 years of production, first under Norfrost and, since 2005, with John G Russell.

The First Minister: I share Rob Gibson's deep concern over the development at Ictech and the impact on the employees affected, their families and the whole Caithness area.

I confirm that we continue to do everything possible to support the employees through the partnership action for continuing employment initiative. Skills Development Scotland has acted immediately to organise a PACE redundancy support event on Friday 3 May in the Pentland hotel in Thurso. All employees will receive an invitation to that event, at which PACE partnership organisations will be present to supply every support possible to the individuals concerned.

I would be delighted if Rob Gibson would like to meet the Cabinet Secretary for Finance, Employment and Sustainable Growth to discuss those important matters further.

Nurses

3. Jackie Baillie (Dumbarton) (Lab): To ask the First Minister what the Scottish Government's position is on reports that nurses spend around 279,000 hours a week on non-essential paperwork. (S4F-01316)

The First Minister (Alex Salmond): We are working with health boards and staff representatives—including, of course, the Royal College of Nursing—to ensure that front-line national health service staff can focus on delivering high-quality patient care to drive improvement. That includes work to reduce paperwork requirements, particularly for senior charge nurses, so that we can maximise their role as clinical leaders and guardians of patient safety. The Cabinet Secretary for Health and Wellbeing has recognised that the issue is a priority, which the RCN has welcomed.

Jackie Baillie: In the week that nurses warned that the dramatic increase in paperwork was taking them away from direct patient care, the

RCN and Unison warn the Scottish Government about unsafe staffing levels, with 27 per cent of nurses saying that staffing levels are rarely or never safe.

Does the First Minister agree that cutting 2,000 nurses from the NHS, thereby reducing their number to the lowest level since the Scottish National Party came to power, is having a negative impact on patient care? Will he therefore agree to look again at workforce planning to reverse the cuts in nurse numbers so that we can provide the best possible patient care?

The First Minister: As the member well knows, we have kept the pledge that we made to protect the NHS's budget in the 2007 election and again in the 2011 election. That pledge was not made—in the run-up to those elections, at least—by the Labour Party, so we can conclude that the NHS is better funded than it would have been if the Scottish people had voted otherwise.

The statistics that the member gives are not totally accurate. In September 2007, the number of qualified nurses and midwives was 37,549; in September 2006, it was 41,026, whereas it is now 41,745. Jackie Baillie will also be aware that, per 1,000 of population, Scotland has the highest number of qualified nurses of any of the countries in these islands.

We know that there are huge pressures in the NHS—of course there are; how could things be otherwise in the current circumstances? However, as a result of the budget that has been devoted to it and our commitment to patient care, the NHS and the nurses of Scotland are doing an outstanding job.

Scottish Banknotes

4. John Wilson (Central Scotland) (SNP): To ask the First Minister what the Scottish Government's response is to the recent report by the Treasury regarding Scottish banknotes in an independent Scotland. (S4F-01317)

The First Minister (Alex Salmond): The United Kingdom Government's threat to Scottish banknotes is quite simply ridiculous. Its bogus claims completely ignore the fact that the Scottish banknote issue is backed not by the Bank of England, but by balances held on a one-to-one basis at the Bank of England.

I will again quote the former member of the monetary policy committee, Professor Blanchflower, who said that he does not see this issue as a "big problem", that it is not a "major precedent", that there is a "great deal of scaremongering", and that

"there's not a great deal of economics going into this."

John Wilson: The Treasury's economic framework with respect to currency choices, which is known as the optimum currency area, seems to be at variance with the Banking Act 2009, which secures the distinct status of Scottish banknotes.

Does the First Minister agree that, as he has just said, George Osborne's blundering into this area represents no more than scaremongering? Will he join me in inviting the chancellor to make many more visits to Scotland in the coming months, as that can only increase the prospects of a yes vote in September 2014?

The First Minister: Many people remember the visit that George Osborne paid to Scotland—I think that it was 18 months ago—when he said that the constitutional debate was damaging inward investment. He said that he had thought of some companies that that applied to, although he could not name them. Since then, Scotland has topped the inward investment league over the past two years; its performance has been greater even than London's in the past year. We have had George Osborne's scaremongering previously.

On the reaction of the Scottish people, John Wilson is absolutely correct. A Tory chancellor coming to Scotland to talk down the country and tell us what we cannot do is exactly the sort of stimulus that the yes campaign needs. I agree on the issue with James Scott, the former executive director of Scottish Financial Enterprise, who said:

"This bogus assertion by the Treasury should be treated with the contempt it deserves."

Therefore, I think that we can make an offer to George Osborne: let us pay his bus fare to come to Scotland to sink the no campaign.

Patrick Harvie (Glasgow) (Green): Securing the future of Scottish banknotes, or any other favourable terms of a currency union with sterling, might well be possible, and it might even be in Scotland's and the rest of the UK's interests, but how can we possibly be in a strong enough position to negotiate those favourable terms if the Government has closed down the other option of a genuinely independent currency?

The First Minister: The fiscal commission put forward what we think is in Scotland's best interests, and the Scottish Government has responded by accepting its conclusions.

The note issue scaremongering story was particularly extraordinary. The Isle of Man issues sterling notes, backed by balances at the Bank of England, but it is not even in the United Kingdom. The importance of the matter is this: if we can identify beyond any reasonable argument the total scaremongering basis of one of the Chancellor of the Exchequer's canards, it probably follows that

Alistair Darling was correct in saying that nothing that George Osborne says has any credibility.

Courts (Scientific Evidence)

5. Jenny Marra (North East Scotland) (Lab): To ask the First Minister what the implications are for scientific evidence in courts following the appeal court ruling in the Kimberley Hainey case. (S4F-01323)

The First Minister (Alex Salmond): The member will be aware of the adverse press coverage in relation to the two expert witnesses, Professor Sue Black and Dr Craig Cunningham. It was reported wrongly in some newspapers that the appeal court had referred to those two witnesses in derogatory terms. The member may be aware that the judiciary have issued a statement correcting that interpretation, and I have placed a copy of that statement in the Scottish Parliament information centre.

The reputation of expert witnesses is very important. I know that Professor Sue Black and Dr Craig Cunningham are held in the highest regard. Professor Sue Black has an international reputation, based on her work in Kosovo and around the globe. Forensic anthropology is a very important scientific discipline, which has an important role to play in many criminal cases.

Jenny Marra: Professor Sue Black said this week that the comments that were made by the appeal court judge in the case took science and the law back 100 years in Scotland. Yesterday's apology was welcome, but it would be good if we could make some advances towards better understanding between science and the law following the appeal.

Will the First Minister ask the Cabinet Secretary for Justice to meet representatives of the Law Society of Scotland to consider training for legal diploma students and the wider judiciary? Will he consider adopting for the Scottish courts the English Law Commission's proposals on expert evidence and the appointment of scientific advisers? Will the First Minister meet me, Professor Sue Black and her colleagues from the scientific community in Scotland to discuss how our legal system could be better served through improved scientific understanding?

The First Minister: The statement made by the judiciary is very important, and full account should be taken of it. That is why I am placing it in SPICe. On the wider issue around criminal procedures and the admissibility of expert evidence, the Criminal Procedure (Scotland) Act 1995 contains the procedures for raising concerns about expert evidence by way of preliminary hearings and rulings. It is important that both prosecution and defence have access to the best experts in the

field, and that expert evidence can be rigorously tested through the court process. The present system is flexible enough to deliver that.

Given the appeal court's ruling, it is perfectly in order for the judiciary as a whole to consider what the appeal court has said to determine whether the rules of court need to be altered in any way to give that provision, which is already within the criminal law of Scotland, its full emphasis and importance. If meetings are necessary following the statement from the judiciary, I am sure that the cabinet secretary would be delighted to meet the expert witnesses concerned.

Energy (Tariff Comparison Rate)

6. Jim Eadie (Edinburgh Southern) (SNP): To ask the First Minister what discussion the Scottish Government has had with or representations it has made to the Office of the Gas and Electricity Markets regarding the proposed new tariff comparison rate. (S4F-01314)

The First Minister (Alex Salmond): The Deputy First Minister responded to Ofgem's consultation on the retail market review proposals in December. The proposed tariff comparison rate is one of a number of proposals that are aimed at providing clear and simple information for consumers. We recognise that the proposals are a step forward in encouraging and promoting consumer engagement in the market, and we therefore support Ofgem's work to simplify tariffs. In carrying out that work, Ofgem must make sure that its proposals are effective in ensuring that consumers, particularly those who are vulnerable to fuel poverty, can secure the best energy deal.

Jim Eadie: Does the First Minister agree that far too many people in energy-rich Scotland still live in fuel poverty and that the public are right to expect effective regulation, so that energy suppliers serve the needs of the people rather than the needs of shareholders?

The First Minister: I agree that energy suppliers must serve the needs of the public. I also agree with Jim Eadie that it is a disgrace that energy and resource-rich Scotland—a country that, as we now know, has made above-average contributions to the United Kingdom Treasury in each of the past 32 years—still has fuel poverty.

Last month, the Scottish Government announced £60 million in funding for local authorities to transform thousands of properties across Scotland, and we made a £32 million extension to the energy assistance package, which will help to secure free installation and heating for more than 300,000 households. Those are steps forward in what is a difficult situation that faces many of our fellow citizens.

The Presiding Officer: That ends First Minister's question time. I remind members that there is a book of condolence in the black-and-white lobby.

Workers Memorial Day

The Deputy Presiding Officer (Elaine Smith):

The next item of business is a members' business debate on motion S4M-05930, in the name of John Pentland, on workers memorial day 2013. The debate will be concluded without any question being put.

I ask people who are leaving the public gallery to do so quietly, as Parliament is still in session.

Motion debated,

That the Parliament welcomes International Workers' Memorial Day on 28 April 2013, an annual day of global action to defend and promote health and safety rights and to "Remember the dead; Fight for the living"; applauds the numerous events being organised to remember those who have died in or been made ill by the workplace; supports the proposal for a steelworkers memorial to be erected at Ravenscraig; understands that, in the UK, over 20,000 people die prematurely every year as a result of injuries or accidents caused by their work and that, worldwide, there are two million people, more than are killed in wars; notes what it considers the important role of trade unions, with research suggesting that, without union involvement, workplace injury and illness increases significantly; understands that many trade unionists were included in the Consulting Association blacklist because they had expressed health and safety concerns; expresses deep concern over so-called low-risk workplaces, which will no longer receive unannounced inspections despite reportedly accounting for almost half of workplace deaths, and hopes that this annual day will continue to grow in stature and observance and thereby further the cause of workers' rights and safety.

12:32

John Pentland (Motherwell and Wishaw (Lab)): I thank everyone who is attending the debate, who signed the motion, who contributed to the shoes exhibition and who went out of their way to support me—the hazards campaign, families against corporate killers, the Scottish Trades Union Congress and the GMB and Community trade unions—in my first members' business debate, which is on international workers memorial day. I also welcome Bill Kidd's motion, and his sponsorship of the hazards exhibition.

I was moved to read the poem "Empty Shoes" by health and safety campaigner Wendy Lawrence, which starts:

"No more footsteps on the path as you come home
I just sit here with my grief—so all alone
No key is turned by you in our front door
No sound of walking to me across our floor
I've cried so much my eyes are red and sore
Empty shoes, no more you—just empty shoes."

Wendy wrote that after reading about yet another avoidable death that had been caused by work. That spurred me to organise the exhibit that will be on display in the public lobby from today until next week's debate on blacklisting—many

people who are blacklisted have merely raised health and safety concerns. We all know that statistics do not have the same emotional power as poems do to describe the depth of grief that is suffered by the families and friends of victims. However, they show the enormity of the issue.

The International Labour Organization estimates that, globally, one worker dies every 15 seconds, that more than 2.3 million deaths a year are due to occupational accidents or diseases, that 160 million workers suffer work-related illnesses and that more than 300 million people are injured in workplace accidents. For the economists, that adds up to 4 per cent of global gross domestic product lost at a cost of £1 trillion.

In the United Kingdom, there were 173 worker deaths last year, which was down from double that figure 20 years ago. However, that figure does not include members of the public who were killed or injured in workplaces. The number of non-fatal accidents at work has also fallen considerably over the past 10 years, from about 1 million to 600,000. As well as deaths at work, UK Government figures show that at least 20,000 people died from work-related injuries and illnesses such as occupational cancers, chronic obstructive pulmonary disease, cardiovascular disorders and through work-related road traffic accidents. However, estimates of underreporting suggest that the real figure may be as high as 50,000.

In Scotland, although the figures for workplace illness and injury dropped, the number of fatalities rose to 20. Not for the first time, the Scottish rate is higher than the UK rate, which may be because construction and agriculture are larger parts of our economy and have higher accident rates; agriculture itself accounts for two thirds of worker deaths. However, neither explanations, nor the falling trends, are cause for complacency—any death is one too many. If we could address the Scottish situation by getting health and safety devolved to the Scottish Parliament, I believe that that is what we should do.

Historically, health and safety improvements have not come from above. Workers in industries such as the steel industry have had to contend with poor safety regimes and have fought, through their unions, to get improvements. My background is in the steel industry, which plays a central role in my constituency, so I am well aware of the steelworkers' struggle. I look forward to the creation of a steelworkers memorial at Ravenscraig to mark the lives and health that have been lost as a result of the steel industry. My best wishes go to North Lanarkshire Trades Union Council for its event at 12 o'clock on Sunday in the Summerlee museum of Scottish industrial life, and

to the dozen or more other events throughout Scotland.

While we “Remember the dead”, we must still “fight for the living.” In the UK, despite its figures suggesting that low-risk workplaces account for more than half of workplace deaths, the Government has withdrawn unannounced health and safety inspections and workers are still pressured by their employers to meet unattainable targets, with the upshot that safety standards can be ignored. Let us thank our union safety reps for the crucial work that they undertake, often in difficult circumstances, to resist such pressures.

Let us also remember that this is international workers memorial day. As the disaster in Bangladesh reminds us, there is still much more that we can do. We should oppose cheap goods being produced at the cost of people’s lives and wellbeing, and we should insist on multinationals taking preventative action, rather than just paying lip service after the event. That is why we need an international workers memorial day.

I close with the closing lines of “Empty Shoes”:

“To honour your great sacrifice
I hope your workmates unionise
And do it soon before another dies
In remembrance of you—no more empty shoes.”

The Deputy Presiding Officer: To allow me to call all the members who have indicated that they would like to speak, we must have speeches of less than four minutes, please.

12:39

Drew Smith (Glasgow) (Lab): I draw members’ attention to my entry in the register of members’ interests. I thank the Presiding Officer for her latitude in calling me to speak in the debate, as I must apologise to members because I will need to leave before the end of the debate for a meeting with representatives of the Union of Construction, Allied Trades and Technicians.

Speaking in this place is always a privilege, but on occasions such as this it is also an honour. I thank my colleague John Pentland for lodging the motion for debate and for ensuring that members of the Scottish Parliament have the opportunity to honour the workers throughout this country and around the world who have had their lives taken from them over the course of the past year and in the further past.

I add my voice in support of all the families who have witnessed their loved ones leave for work in the morning, but have looked in vain to welcome them home again. On the occasion of international workers memorial day, we also acknowledge all the workers who have been injured at work or who have been left with debilitating or limiting

conditions. As many members will, I will mark the day by laying a wreath at my local event at the People’s Palace in Glasgow. I encourage all members to look out for the events that will take place in their areas this weekend.

Workers memorial day is a campaigning opportunity as well as a time of solemn remembrance, but physical memorials are important. In the next couple of weeks, Glasgow will mark the unveiling of the firefighters heritage trail, which will include 12 memorial stones placed to mark sites such as the Cheapside Street fire, in which 19 firefighters were lost in 1960, and the fire at James Watt Street, also in Anderston, in which 22 workers—most of them women—were lost when an upholstery warehouse caught fire in 1968. As someone who lives close to the memorial stones that stand in remembrance of the 2004 explosion at ICL Plastics in Maryhill, I am reminded of that tragedy—in which nine workers were killed—almost every day.

As I mentioned, workers memorial day, which falls just before the workers gala day or May day, is a chance to remember, but it is also a focal point for campaigning and activism. I pay tribute to everyone in Scotland and around the world who is involved in the struggle to ensure that in every workplace the world over, the imbalance that exists between the employers and the employed is tilted back a tiny bit—if not in favour of working people, at least slightly less against them.

Every year in the UK, hundreds of people die at work—the figures vary depending on whether we take into account accidents, injuries and conditions resulting from work. John Pentland was quite right to highlight the scandal of blacklisting—many of those who are blacklisted are workers who have raised health and safety concerns. However, the coalition Government is currently rolling back not just years, but centuries of progress on workers’ rights and health and safety enforcement. It is disappointing that no member of the Westminster coalition parties has remained for the debate.

At a recent hearing on health and safety that was held by the Health and Sport Committee, of which I am a member, we heard that the rates of death and injury at work remain higher in Scotland than they are in other parts of the United Kingdom, as John Pentland correctly identified. Regarding which powers this Parliament could assume to assist that situation—if that was considered to be the way to drive down those rates—I believe that we should look at enforcement powers and avoid any situation in which we might create a race to the bottom on regulation.

Finally, I encourage members to speak to the representatives of the Scottish hazards campaign group and families against corporate killing, who

are in Parliament today. Ask them about 16-year-old Cameron who, weeks into his first job, was killed in an accident involving an industrial lathe; or about 17-year-old Steven, who was killed after a fall of 30 feet while at work in a water treatment plant; or about 18-year-old Lewis, who was killed after being burnt in a garage fire.

I add my voice to the call to

“Remember the dead; fight for the living.”

12:43

Bill Kidd (Glasgow Anniesland) (SNP): I congratulate John Pentland on securing this important members’ business debate. I also thank him for his kind efforts in helping with the potential postponement of the debate—which, happily, we did not have to do—to aid the SNP group’s tribute meeting to our colleague Brian Adam. John Pentland put in a great effort on that, which is much appreciated. I also appreciate his gift of a purple memorial ribbon, which demonstrates our support for international workers memorial day to the world.

I want to put on record our friend Brian Adam’s dedication to ensuring that workers on the rigs and vessels that serve the oil and gas industry in the North Sea were represented whenever health and safety issues were raised. As a long-time trade union activist, Brian Adam knew the value and necessity of the work of unions and of the Scottish hazards campaign in keeping such issues to the fore.

On 2 December 1984, the Bhopal gas disaster at the Union Carbide site in India killed thousands of people. It continues to affect the lives of many hundreds more in that area who are still campaigning for redress for what took place in that disgraceful episode when business was more important than workers. The Governments of both India and the United States of America have been shown to have collaborated in allowing Dow Chemical, which now owns Union Carbide, to escape facing up to the liabilities that have affected the individuals and community of Bhopal.

We have all heard about the recent explosion at a Texas fertiliser plant: a full 29 years after Bhopal, we are still seeing a failure on an international scale to address safety issues. The Texas factory was last inspected in 1985—just after the Bhopal disaster—by the Occupational Safety and Health Administration of the United States. That is a full 28 years without a health and safety inspection. As a result of that failing, 14 people died and almost 200 were injured.

What is the UK Government’s reaction to the lessons? It has cut the Health and Safety Executive’s budget by 35 per cent and announced

an end to proactive unannounced visits by the Health and Safety Executive to factories and other industrial sites. That is an utterly unacceptable slap in the face to all workers in the industries that are affected by a slap-dash charge to increase profits at the risk of workers’ lives and limbs.

For the past three years, the Scottish Government has ordered that flags on public buildings be flown at half-mast as a sign of respect for those who have been killed at work. Meanwhile, the minister in Westminster, Chris Grayling, is failing in his duty to show respect to the living.

I encourage everyone, as Drew Smith said, to stop by the Scottish hazards campaign’s families against corporate killing exhibit that I am sponsoring this week outside the members’ block. I and the people who are staffing the stall are delighted by the response so far, but let us all make a final push, please, to give it all the support that we can in support of international workers memorial day.

12:47

Neil Findlay (Lothian) (Lab): International workers memorial day originated in Canada in 1985, and was introduced to the UK by hazards campaigner Tommy Harte. In my area, my former council colleague and past trade union convener at British Leyland, Jimmy Swan, brought it to our county. I congratulate John Pentland for securing the debate.

As we have heard, the event’s motto is

“Remember the dead; fight for the living.”

Too tragically, every year, we must mourn the dead. Internationally, a staggering 2 million of our fellow global citizens die at, or as the result of, their work. Each year, families are left without fathers or mothers, and tragically—this is particularly relevant where child labour exists—mothers and fathers are left without sons or daughters.

Around the world each year, more than 2 million men and women die as a result of work-related accidents and diseases. Workers suffer approximately 270 million accidents each year, and fall victim to 160 million incidents of work-related illnesses. Hazardous substances kill 440,000 workers annually, and asbestos still claims 100,000 lives. As has been mentioned, one worker dies every 15 seconds worldwide, which is 6,000 workers every day. More people die at work than at war. Those are truly shocking and appalling statistics.

The Trades Union Congress estimates that in the UK more than 20,000 people die prematurely every year as a result of injuries or accidents that

are caused by their work. More than 2 million people suffer some form of occupational ill health—and all that at a time when, according to the trade union Prospect, there are only three occupational health physicians and 18 occupational health inspectors left in the HSE—down from 60 of each in the early 1990s. All in all, the HSE has lost hundreds of staff and, as Bill Kidd mentioned, proactive investigations have been cut dramatically.

The HSE cuts are built on nothing more than myth and dogma. Health and safety is seen by right-wing politicians, think tanks and free-market disciples as a burden on business that must be slain; David Cameron has vowed to do something about the “health and safety monster”. The Conservatives are doing something about it—they are actively and rapidly destroying the Health and Safety Executive and are making our building sites, factories, chemical works and other workplaces less safe and more dangerous. Make no mistake—people will die as a consequence and others will suffer injury and disease. Of course, that is another price that workers must pay for dogma. I am actually pleased that none of the members from the UK coalition parties is present for the debate, because I do not think that I could stomach it if they were here.

In the past year, I have followed the investigation by the Scottish Affairs Select Committee at Westminster into construction industry blacklisting and have campaigned on the issue in Parliament. The investigation is a direct result of concerns about Scotland’s poor health and safety record in comparison with that of the rest of the UK. It transpired during the committee’s inquiry that trade unions believe that the figures were worse because health and safety representatives had systematically been denied employment and been drummed out of the Scottish construction industry. That is a scandal, but I will not dwell too much on it today; I will cover it in my members’ business debate next week.

No family should experience the loss of a loved one simply from their going to work. On Sunday, a number of us will, I am sure, join many in mourning the dead but, the day after, we must continue the fight for the living.

12:51

Hugh Henry (Renfrewshire South) (Lab): There is hardly a community in Scotland that has not over the years been affected by death that has been caused at work. It is not just the deaths that have happened in the workplace that blight lives but, as John Pentland eloquently said, the disease and illness that is also caused.

I thank John Pentland for bringing the debate to Parliament, because it is timely, given the incident in Bangladesh, which reminds us of what workers have to suffer in many parts of the world.

To return to the Scottish dimension, over the generations steel workers suffered and died or their health was blighted, while coal miners in many communities in Scotland suffered greatly because of the conditions in their workplaces. However, the legacy is not only industrial; over the years, many agricultural workers in rural areas in Scotland suffered because of carelessness, thoughtlessness and—to be frank—disregard for their wellbeing.

Unfortunately, that is not an historical issue for Scotland and the United Kingdom. As Bill Kidd, Neil Findlay and others have said, the cuts to the Health and Safety Executive show, to be frank, a blatant disregard for the wellbeing of people who are doing nothing but simply trying to do an honest day’s work.

We can look at deaths and injuries in all our communities over the past few years. Wanda Lustig, who is a Polish worker, was injured while working for a Dunblane farming company. Her life has been ruined because of the injury that she sustained at work and her employer has now been fined.

There are also tragic deaths. Patricia Ferguson will, no doubt, talk about the Stockline disaster, which affected families in my area in Renfrewshire. Also, prosecutions were reported in the news this week in relation to the capsizing of the Flying Phantom tugboat, which affected a family in Houston in Renfrewshire, which is part of my constituency, as well as other families in Greenock and Gourock. Every one of those events shows carelessness and disregard for workers because they were, in a sense, an afterthought.

I am pleased that my colleague Neil Findlay has been doing so much work on blacklisting, but it is a disgrace that when workers attempt to protect themselves and their fellow workers, they are blacklisted as a result of doing nothing other than saying that their health and safety should be paramount when they do their day’s work. Those blacklists existed in secrecy and families were denied an income coming into the house because people had done something that most of us would think was the decent and right thing to do.

As a socialist and a trade unionist, I do not think that my responsibilities simply stop at my community, my workplace, Scotland or, indeed, the United Kingdom. The tragedy in Bangladesh reminds us that my family and other families in Scotland have benefited on the back of the turmoil and tragedy of workers who are producing cheap clothing. It is a disgrace that Bhopal is still an

issue and that it will continue to be an issue for many years. Workers in many countries scramble about waste sites trying to earn a day's living, with no regard for their health, which shows that there remains a problem.

Our duty is to workers in Scotland, in Britain and internationally. We need to stand by them. It is a disgrace that profits still matter more than lives.

The Deputy Presiding Officer: If I am to be able to call everyone who wants to speak, I need people to keep to under four minutes.

12:55

Stuart McMillan (West Scotland) (SNP): This is a very sad day for the Scottish Parliament.

I congratulate John Pentland on securing the debate and I commend him for raising the issue. I have no hesitation in wearing the memorial ribbon.

Workers memorial day was created in Canada in the 1980s and is now an international day of remembrance for workers who have been killed in incidents at work or by diseases that were caused by work. The need for such a day is revealed in the ILO's figures, which show that more than 2 million women and men die every year as a result of work-related accidents and diseases. One worker dies every 15 seconds, world wide—that is 6,000 workers dying every single day. More people die while at work than while fighting in wars.

Hazardous substances kill 440,000 workers annually, and asbestos alone claims 100,000 lives. I refer members to my entry in the register of members' interests; I am an honorary member of Clydeside Action on Asbestos.

The purpose of workers memorial day is twofold: to remember those who have died or been injured or made ill at work, and to ensure that that loss and suffering is used to reinvigorate the campaign for healthier and safer work for workers, for their families and for their children, who will become tomorrow's workers.

The most recent figures for Scotland showed that 20 people in Scotland died at their work. There is also the problem of illnesses that people contract at work, but which do not emerge until years later. The prime example is asbestos-related diseases, such as mesothelioma, which can develop 20, 30 or even 40 years after the initial exposure to asbestos. That is why I wear the badge of Clydeside Action on Asbestos.

According to figures from the Health and Safety Executive, more than 2,000 people every year in the United Kingdom are diagnosed with mesothelioma, and a further 2,000 cases of lung cancer are likely to have been caused by asbestos

exposure. The number of people who are diagnosed with fatal conditions is set to rise, and it is estimated that 1.5 million workplaces still contain asbestos.

This Parliament has a good track record in supporting people with asbestos-related diseases. We legislated to overturn the disgraceful House of Lords decision in 2007 that blocked people who have pleural plaques from seeking compensation from negligent employers—successive Westminster Governments have failed to do that. It is appropriate that in debating workers memorial day we remember people who contracted asbestos-related diseases as a result of their employers' negligence. The issue has scarred many communities, not just in the former industrial heartlands in the west, but throughout Scotland. Asbestos-related diseases are still with us and will remain so for years. It is important to use events such as workers memorial day to reiterate the need for greater health and safety in the workplace.

Health and safety legislation should be applied as quickly as possible. Members will be aware of this week's news about the Flying Phantom—the tug that sank in the Clyde in December 2007, with the loss of three lives. The loss of the tug was a tragedy for all concerned; three people lost their lives and their families were left devastated. It was not until Monday past, more than five years later, that it was announced that the companies involved will face prosecution under the Health and Safety at Work etc Act 1974. I know that the Crown Office spent a considerable time investigating the Flying Phantom tragedy, but the families have had to wait for a long time to see the case being brought.

Too many families suffer the horror of a loved one going to work but never returning. It is important that health and safety at work legislation be taken seriously. Health and safety in the workplace is not an optional extra but a fundamental right for all workers.

The motto of international workers memorial day is:

"Remember the dead; fight for the living".

We have done that in this debate.

I am conscious of time, Presiding Officer.

The Deputy Presiding Officer: You need to come to a conclusion.

Stuart McMillan: The Parliament needs the powers to ensure that we can do something, when we see what has been happening at Westminster.

The Deputy Presiding Officer: There are two other members who I would like to call after Patricia Ferguson, but I can give them only three minutes each.

12:59

Patricia Ferguson (Glasgow Maryhill and Springburn) (Lab): I congratulate John Pentland on securing this debate on such an important issue and on his comprehensive explanation of the issues and campaign. That workers are safe at work should of course be a fundamental right. Workers and their families should expect no less.

Colleagues will know—and I make no apology for speaking about it again—about the dreadful tragedy that took place at the Stockline factory in my then constituency almost nine years ago but which for the families connected to it has repercussions to this day. At Stockline, the simple act of flicking a switch to turn on a light created a spark that ignited combustible gases leaking from a pipe that was buried underground and was therefore incapable of being inspected. It was an entirely unavoidable accident.

I am able to summarise quickly for the chamber the cause of the disaster at Stockline, but it took several years before the families bereaved by the disaster knew the truth of the story. In fact, it took more than three years for the criminal prosecution to begin—a criminal prosecution that resulted in what in my view was a paltry fine of £200,000. It was a further year before the public inquiry began.

Of course we know that the Stockline situation is not unique and that other families have also been bereaved because of workplace accidents. As Stuart McMillan said, they often wait a long time before inquiries can help them begin to understand what happened to their family members.

What Stockline told me is that health and safety legislation can help to prevent accidents and must be our priority. If devolving it to the Scottish Parliament, as John Pentland suggested, is a way of making sure that our disproportionately bad record in health and safety can be ameliorated, I support it.

We also know that, when accidents happen, we have to find a way to make sure that the families affected are dealt with in a courteous and sensitive way and that their concerns are addressed at a much earlier stage. That is why I am proposing a member's bill on fatal accident inquiries, which will give families the right to be heard when decisions are made on whether a fatal accident inquiry is to take place. It also suggests that, where possible, the inquiry can run concurrently with a criminal case and that the sheriff can make recommendations that are binding.

Those measures would help to demonstrate that we remember and honour the dead but that we also fight for the living. I very much hope that colleagues will support the bill when I bring it forward in the very near future.

13:02

Sarah Boyack (Lothian) (Lab): I, too, thank John Pentland for ensuring that we have this debate today. I also thank families against corporate killers and the thousands of trade union representatives for the hard work that they do to keep the issue of safety at work on our agenda and on employers' agendas too.

Health and safety is not a burden on industry. A good health and safety regime is a sign of company values; it is something to be proud of. It is not just about protection for workers, companies and public sector organisations. As others have said, when something goes wrong, it can impact on neighbouring communities, lives can be put at risk and there can be a detrimental impact on the local environment.

The legionnaire's outbreak in Edinburgh saw local communities hit and lives lost. I am told that, due to council cutbacks by the previous council leadership, vital time was lost in getting the investigation going and that cuts to and pressures on the Health and Safety Executive also had an impact. We need to learn the lessons of that experience. We need expertise across the country that is capable of instant mobilisation as soon as incidents occur. It is vital that evidence is not lost, that there is accountability and that lessons can be learned.

Again close to home in Edinburgh, we still do not have transparency about what happened on the fateful night when firefighter Ewan Williamson lost his life fighting the fire in the Balmoral bar. That was nearly four years ago. Although I welcome the fact that the Crown Office has now instituted legal proceedings, Ewan Williamson's family and his Fire Brigades Union colleagues are still waiting for a proper inquiry to establish the facts, learn lessons and make sure that FBU members who put their lives on the line for us every day are supported by knowing what happened.

Yesterday, a new report by the Inspectorate of Prosecution in Scotland raised important concerns. It praised the high standards and work of the Crown Office and Procurator Fiscal Service health and safety division but expressed worries about the length of time that it takes to conclude cases. It says that we need more accountability and we need action.

I think that we need to look at the issue of staff turnover—and the loss of valuable expertise and knowledge—which is increasingly a concern throughout the public sector in Scotland. I hope that the minister will comment on that. There is something that the Scottish Government could do now, which is to consider Patricia Ferguson's member's bill and ensure that we speed up the

process of fatal accident inquiries, that vital lessons are learned and that we do not have to wait years before there is accountability. The forthcoming procurement bill is an opportunity to ensure that the health and safety track record of companies is part of the procurement process.

On Sunday, we will commemorate international workers memorial day. As citizens, we all need to make a stand and demand that our Governments, companies and public sector organisations do all that they can to promote effective health and safety regimes. As other members have said, yesterday's tragic deaths in Dhaka show that we all—as citizens and as consumers—need to ask that our companies have a duty of care to their employees, not just in Scotland and the United Kingdom but throughout the globe.

13:06

Helen Eadie (Cowdenbeath) (Lab): Thank you for making time for us, Presiding Officer.

I pay tribute to John Pentland for securing the debate and to all the other parliamentarians, in the chamber and elsewhere, who prioritise their work commitments for this vitally important aspect of all our lives.

Fifty years ago this month, I joined the GMB; I joined the Labour Party at the same time. One of the things that influenced me was reading a publication that I found on my father's bookshelf about the match girls' strike, the phossy jaw that was experienced by those women all those years ago and how, by forming a women's general union, they campaigned for their protection. I found that aspirational and inspirational. I liked the idea that other people would fight for my rights and that I would help to fight for other people's rights. That feeling has lasted until today and it is one of the reasons why I carry on with the important work that we all do.

It is a major credit to trade unions throughout the world that they have fought so hard to ensure that legislation has been put in place to protect workers. That is critical. If we did not have those trade unions, we would not have the legislation today.

The trade unions have also provided legal assistance that has ensured compensation and established case law to support those affected by industrial injury and disease. There have been landmark cases, such as those fighting for victims of asbestosis, pneumoconiosis and all the other diseases and injuries that happen. When my father worked in the Carron ironworks, his finger was chopped off. It was not a disaster for the community but it was a disaster for the Miller family. Mum had to go out to work because there

was no sick pay or financial support at all for my father. That was a very long time ago.

Let us remember those affected by Piper Alpha, one of the worst disasters in the North Sea, when so many lost their lives. Let us remember, too, those who work so hard to support the survivors and the victims' families. Throughout the world, people have to pick up the pieces. I knew families in Dalgety Bay affected by that awful disaster. I know the lasting impact of such a disaster on the union officials who represent the victims and their families, and on the lawyers, medical teams and all the families and friends who are left to cope. My husband was one such union official and, to this day, many years after Piper Alpha, the tears well up in his eyes. We have to remember that many people are affected by disasters.

My role as a former GMB full-time official meant that I represented many members in schools and colleges. Worryingly, I found that a huge number of home workers, particularly in the garment industry, were vulnerable to exploitation and have very much been victims.

I conclude by saying that I remember the disasters in the coalmining communities, such as those at the Donibristle, Valleyfield and Michael collieries. We do well to pay tribute and to remember them each year, and I hope that it will become a bigger remembrance across Scotland.

13:10

The Minister for Public Health (Michael Matheson): I, like others, congratulate John Pentland on securing time for this important debate about a significant day that I hope will become increasingly embedded within Scottish consciousness. There have been many worthwhile speeches from members.

The Scottish Government first formally recognised international workers memorial day in 2010, when flags on Government buildings were lowered. A number of members have referred to memorial sites within their constituencies and the plans for the memorial on the Ravenscraig site. Only a few weeks ago, I passed the memorial for the Stockline disaster. Such memorials are important in ensuring that tragedies are not forgotten by communities or by individuals.

In my constituency in Falkirk, a new workers memorial is planned for the high street, which will make it much more visible and bring it right to the heart of the community from the location of the present plaque within Falkirk Council's municipal buildings. The new memorial has involved a tremendous amount of work that has been led by Duncan McCallum, who works diligently on behalf of the National Union of Journalists.

Although responsibility for workplace health and safety is reserved to the UK Government, the Scottish Government is doing what it can within its existing powers to encourage continuous improvement in occupational health and safety. We recognise the importance of safe, healthy working environments and, equally, the importance of partnership working in addressing those issues.

The Scottish centre for healthy working lives, which is funded by the Scottish Government, provides free and confidential advice to employers and employees. The centre has developed a range of partnerships with organisations, including with the Royal Society for the Prevention of Accidents on managing occupational road risk; with Scottish Business in the Community on training for mentally healthy workplaces; and with the STUC to train trade union representatives. It also runs initiatives in partnership with organisations such as the Scottish Chambers of Commerce and the Federation of Small Businesses in Scotland in order to reach smaller and medium-sized enterprises and look at what they can do to improve the work environment for their employees.

John Pentland is absolutely right to highlight the significant role that trade unions play in minimising occupational health and safety risks and the incidents that can result from them. Just last week, the First Minister, when he was addressing the STUC, stated:

“Trade unions are important partners for the Scottish Government and we value our relationship with them very highly indeed. Strong trade unions mean strong workplaces and a strong economy ... and I believe the trade union movement can and will continue to play an important and valuable role in Scotland in the years to come.”

The First Minister also stressed that we are totally opposed to blacklisting and to the compiling of blacklists, which some companies have undertaken, and he outlined steps to ensure that blacklisting is not taking place on public contracts in Scotland. On behalf of the Scottish Government and its agencies, the First Minister also invited the unions to work with us on developing guidance for public bodies on addressing the issue in future procurement processes and public contracts.

As Neil Findlay mentioned, the Scottish Affairs Committee at Westminster is continuing to conduct an inquiry into blacklisting, and I am aware that Mr Findlay is bringing to the chamber a debate on that issue next week. We welcome that inquiry and will continue to work with the committee following the findings of its interim report, which was published last Tuesday.

I share John Pentland's concerns, which have been reflected in other members' contributions, about the UK Government's changes to health and

safety regulations. Such changes run the risk of sending out the wrong signal to less scrupulous employers, who may unfortunately see them as an opportunity to abrogate their responsibilities for the health and safety of their workforce.

I wrote to the UK Government on that very issue to caution against any moves that could increase the risk to workers. That followed similar correspondence from my predecessor Shona Robison, who expressed concerns about the reduction in the Health and Safety Executive's budget and in proactive inspections, and the proposed introduction of fee-for-fault charges. I remain concerned about the significant cuts that the UK Government is making to the Health and Safety Executive's budget, and I believe that the reduction in proactive inspections could result in an increased risk of injury and death among workers.

This Government's view is that now is not the time to put at risk the hard-won improvements in Scotland's health and safety record. The latest HSE statistics for Scotland, for 2011-12, show a welcome downward trend in workplace injuries over the past five years. The prevalence rate of work-related illness has also fallen from 3 per cent to 2.5 per cent.

Sadly, there has been a small increase in fatal injuries at work, which highlights the need to redouble our efforts in this area. We should acknowledge what lies behind the numbers, as 1.7 million working days are lost due to workplace injury and ill health. The economic cost is around £1 billion, but the human cost cannot be calculated.

The Deputy Presiding Officer: Minister, I must ask you to close.

Michael Matheson: There are still too many tragic stories of broken lives, unnecessary suffering and families who have lost loved ones. International workers memorial day allows us the opportunity to remember those who have lost their lives or their livelihoods because of unsafe workplaces or practices. It provides us with an opportunity to remember the dead, and to fight for the living.

The Deputy Presiding Officer: Thank you very much, minister. I thank members for their discipline in keeping the debate to time on this sad day for the Parliament.

13:18

Meeting suspended.

14:30

On resuming—

Land and Buildings Transaction Tax (Scotland) Bill: Stage 1

The Deputy Presiding Officer (John Scott): Good afternoon. The first item of business this afternoon is a stage 1 debate on motion S4M-06294, in the name of John Swinney, on the Land and Buildings Transaction Tax (Scotland) Bill. I call the cabinet secretary, John Swinney, to speak to and move the motion.

The Cabinet Secretary for Finance, Employment and Sustainable Growth (John Swinney): The Scotland Act 2012 devolves responsibility for taxes on land and property transactions and disposal to landfill to the Scottish Parliament from April 2015. The bill sets out the provisions and rules for the land and buildings transaction tax, which will replace stamp duty land tax in Scotland from April 2015.

In my statement to Parliament in June, I set out the approach that the Government intends to take on the new taxation responsibilities that have been passed to the Parliament. The proposals are firmly founded on Scottish principles that still hold good today. In “An Inquiry into the Nature and Causes of the Wealth of Nations” in 1776, Adam Smith set out four maxims with regard to taxes: the burden should be proportionate to the ability to pay, and there should be certainty, convenience and efficiency of collection. Those principles provide the bedrock on which to build a system to meet the needs of a modern 21st century Scotland. To those four principles, the Government adds our core purpose of delivering sustainable economic growth for Scotland. In assessing the proposals that we have in front of us, I will consider the four principles that I have set out.

The Government has sought to use what responsibility we have for taxation to ensure that no one is asked to pay more than they can legitimately afford to pay in relation to tax provisions. The Land and Buildings Transaction Tax (Scotland) Bill signals a move away from the United Kingdom Government’s slab tax approach to stamp duty land tax, which distorts the market. Instead, we propose a progressive system of taxation in which the amount paid is more closely related to the value of the property and, therefore, to the ability of the individual to pay. That approach has been warmly welcomed by tax professionals and others during the public consultation process for the bill.

The second principle is the provision of certainty. We consider it important to provide

certainty about when and how much tax is due, and that is an important guiding principle for our new system. The consultation on the bill has been extremely helpful and productive, and we will continue to engage with taxpayers and professionals to provide certainty and ensure that tax changes have been properly thought through and communicated before being introduced. Even when we require to move swiftly to tackle threats of tax evasion or avoidance, we will, wherever possible, seek to provide information and clarity about our intentions.

One of the opportunities before us is that of creating a simple and administratively efficient tax collection system. We will ensure that it is easy to fulfil the obligations of a citizen in Scotland to pay taxes. We envisage a system that is simple to operate and digital first. We will develop appropriate information technology systems to ensure that information about Scottish taxes and ways to pay them is easily accessible to all, in line with our broader objectives, while respecting the fact that some taxpayers will continue to want to use non-digital methods.

The fourth of the principles is that the tax system should be efficient. It is clear that taxes and revenues must be devoted to paying for public services and not consumed in tax administration. Scotland will benchmark itself against international standards to ensure that the administration costs are kept to a minimum. Our approach to tax collection is right for Scotland and it will be the most cost efficient for Scotland.

Mary Scanlon (Highlands and Islands) (Con): I am a member of the Public Audit Committee, which has been looking into the Auditor General for Scotland’s report on Registers of Scotland’s IT system. Paragraph 60 of the Finance Committee’s stage 1 report states:

“Of particular concern to witnesses is the readiness and effectiveness of RoS’s IT system.”

I ask for an assurance from the finance secretary that any difficulties have been overcome and that Registers of Scotland is ready.

John Swinney: I would describe the position as work in progress. As I set out to Parliament last June, Registers of Scotland will be the collection organisation for the new tax. Registers of Scotland is already involved in the collection of a large amount in existing fees for property transactions as part of its routine or rudimentary role and functions, so the collection of the new tax will be essentially a bolt-on to its existing responsibilities. The project board that supervises the implementation of the proposals is acutely monitoring the important issues that Mary Scanlon has fairly raised. As we proceed towards implementation in April 2015, I will continue to

keep Parliament updated about the progress that is being made, as I recognise that the establishment of effective IT systems is an important consideration.

I explained to Parliament last June that we will establish revenue Scotland to assess and collect devolved taxes. By 2015, in line with international best practice, revenue Scotland will be operationally independent and will work alongside Registers of Scotland on LBTT and alongside the Scottish Environment Protection Agency on the landfill tax, which we will introduce into the bargain. Our approach to establishing a new Scottish tax authority has been widely welcomed. We will continue to update Parliament on the steps that are being taken to implement the arrangements around revenue Scotland.

As we made clear when presenting our programme for government last September, we have a legislative programme through which we will put in place the two taxes that are devolved under the Scotland Act 2012. Following the introduction of the LBTT bill, a second bill making provision for a Scottish landfill tax was introduced to Parliament on 17 April. We propose a third measure for the next legislative programme that will deal with tax management. The public consultation on proposals for a tax management bill closed on 12 April, and we propose to introduce the bill in the autumn. The tax management bill will establish revenue Scotland on a statutory basis and set out the underpinning arrangements that are required to support both devolved taxes. The bills are the first important steps to establishing the principle that taxes paid in Scotland are best set, managed and collected here by those with Scotland's best interests at heart.

The LBTT bill has been developed with two key objectives in mind. First, we have sought to simplify the relevant legislation, both in content and in structure. Over the past decade, stamp duty land tax has suffered from additional layers of new legislation year on year, and taxpayers and their advisers often find its complexity difficult to understand and navigate. By contrast, the LBTT bill has a clear structure, the tax reliefs have been rationalised and grouped logically together and the provisions of the bill are clearly set out.

As I said, we are moving away from the slab rates of stamp duty land tax that distort the property market, particularly for housing, and may encourage taxpayers to record false prices—for example, by overvaluing moveable items included in a sale in order to pay tax in a lower tax band. Instead, we are proposing a progressive system of taxation, under which the amount paid will be more closely related to the value of the property and, therefore, to the ability of the individual to

pay. That approach has been warmly welcomed by tax professionals and others during the consultation process.

The scenarios in the consultation paper that we launched last June also indicated a willingness to adjust the tax thresholds in order to support first-time buyers and those at the lower end of the market. To demonstrate the difference that a progressive approach can bring for those purchasing residential property in Scotland, the consultation paper illustrated two revenue-neutral scenarios. The first would remove the tax charge from all house purchases below £180,000, which would significantly benefit first-time buyers. The second would have the effect that anyone purchasing properties at less than £325,000 would pay less tax, which would benefit around 95 per cent of the property market. Those who purchased property at higher values would, of course, pay more.

To further simplify the operation of the tax, the anti-avoidance provisions for stamp duty land tax in section 75A of the Finance Act 2003, which experienced tax practitioners find hard to understand, have not been replicated in the bill. Tax practitioners have welcomed our intention to bring forward a general anti-avoidance rule in the tax management bill, which will be introduced to Parliament in due course.

A second objective in developing the bill was to bring the provisions into line with Scots law and practice. We see it as essential that taxpayers and expert communities should have an integral role in ensuring that our approach to taxation is, and remains, fit for purpose.

The work undertaken by bill team officials with an expert working group on non-residential leases well illustrates that collaborative approach. Input from the expert group will ensure that the tax treatment of non-residential leases in Scotland will be firmly grounded in Scots law and practices. Under the current SDLT system, English property law effectively applies, which creates confusion and conflict with the existing statutes of Scots law.

Having met with members of the working group, I have concluded that the tax payable on non-residential leases will be based on the net present value approach, with a recalculation of the tax due at three-yearly review periods, based on the rent paid over the period. A taxpayer will also be required to submit a return at the end of the lease. The expert working group on non-residential leases is working with the bill team to devise the detailed rules of the new approach to taxing non-residential leases, and I am grateful to it for its input.

I turn to the Finance Committee's report. I readily acknowledge the penetrating debate on a

wide range of issues that has taken place during the committee's stage 1 evidence-taking sessions. I am delighted that the committee has supported the general principles of the bill. Yesterday, I wrote to the committee's convener to respond to the various issues that were raised in its report, and I will comment briefly on some of the key issues covered in the report and my response.

As the bill's policy memorandum explains, my initial thinking was to set out at the time of the draft budget in September 2014 the land and building transaction tax rates and bands that would apply from April 2015. The committee recognised in its report that witnesses held a range of views about when tax rates and plans should be published, ranging from a week before the introduction of the tax to two years prior to introduction.

I have yet to reach a firm conclusion on the matter, but it is not my intention to announce rates and bands any earlier than September 2014. In light of the views expressed, I will consider carefully whether to wait until nearer April 2015.

The existing stamp duty land tax rules for relieving so called sub-sales are acknowledged to provide opportunities for aggressive tax avoidance activity. Tax avoiders have employed a range of schemes to construct land transactions in a way that means that no tax is paid at all. I am clear that responsible taxpayers do not welcome such attempts to shift the legitimate burden of taxation. I have made clear to Parliament on a number of occasions that we will take a rigorous approach to dealing with tax avoidance.

In the United Kingdom budget in March 2012, the Chancellor of the Exchequer committed to consulting on legislation to narrow the sub-sale relief rules and reduce the scope for avoidance. That consultation has taken place, and the reformed sub-sale rules are making their way through Westminster in the Finance (No 2) Bill. However, I believe that it is necessary to go further than that. I do not intend to replicate in taxes that are devolved to Scotland rules and reliefs that have led to avoidance activity. I therefore introduced the LBTT bill without any form of sub-sale relief.

I welcome the Finance Committee's support for the removal of sub-sale relief. Having considered the committee's report carefully I do not intend open the way to any form of sub-sale relief. To do so would open up a significant risk of giving scope to tax avoiders who are intent on reducing their tax burden through artificial schemes that this Parliament does not think merit relief.

Members of the Finance Committee have heard evidence from some stakeholders who have stated the case for a targeted form of relief for a class of property transactions that are referred to

as forward funding arrangements. I am giving careful consideration to those arguments, which I believe have been raised with the best of intentions. My question is whether giving those transactions relief under LBTT will open the door to the sort of tax avoidance activity that has been a negative of stamp duty land tax to date.

I am committed to the creation of a tax environment that is supportive of economic activity in Scotland. I wish to ensure that widely accepted development transactions, such as those described to the Finance Committee, continue without an undue tax burden.

The property development industry plays a vital role in supporting economic growth and regeneration. Therefore, we are undertaking further work with stakeholders to ensure that the parties to a forward funding arrangement achieve a fair outcome under LBTT.

Charities relief was also the subject of some discussion at the committee's stage 1 evidence-taking sessions. Some stakeholders expressed concern about the requirement for charitable organisations that invest in, but do not occupy, property in Scotland and those that use the associated income stream for charitable purposes to register with the Office of the Scottish Charities Regulator to obtain that relief.

I firmly believe that, to protect the tax base, it is vital to have systems in place to ensure that any relief—not just charities relief—fully satisfies rigorous eligibility criteria. Officials are discussing with revenue Scotland and OSCR an alternative approach for the small number of cases affected each year.

I am confident that we will have the legal and administrative systems in place in good time to collect a fair and robust land and buildings transaction tax in Scotland from April 2015. I have covered in this speech the approach that the Government is taking to the formation of the legislation and the issues that have been raised in the Finance Committee. I look forward to considering with colleagues the issues that are raised as a consequence of the debate.

I move,

That the Parliament agrees to the general principles of the Land and Buildings Transaction Tax (Scotland) Bill.

14:46

Kenneth Gibson (Cunninghame North) (SNP): I am pleased to highlight key areas that the Finance Committee considered following its stage 1 evidence taking.

The Scotland Act 2012 devolves a range of taxation and borrowing measures: powers to borrow for capital projects; powers to set a

Scottish rate of income tax to replace a 10p in the pound income tax reduction for Scottish taxpayers across all bands; and powers to set taxes on land transactions and disposal to landfill.

The Landfill Tax (Scotland) Bill was introduced last week and the tax management bill will be introduced later this year. The Land and Buildings Transaction Tax (Scotland) Bill provides for the rules and structure of LBTT as a tax levied on anyone buying, leasing or taking rights—such as options to buy—over land and property. It covers residential and non-residential transactions, including the purchase, lease or licence of options over commercial properties such as shops, offices, factories, land for development and agricultural or forestry land.

Our report identifies issues that emerged from the evidence that was given. I will first highlight tax bands and rates.

The Scottish Government will replace the slab structure of stamp duty land tax—a tax that is to be disapplied under the Scotland Act 2012—with a progressive structure, which will include a nil rate band and at least two others.

Witnesses supported that approach. For example, the Edinburgh Solicitors Property Centre is

“fully supportive of LBTT being a progressive tax”.—[*Official Report, Finance Committee*, 6 February 2013; c 2197.]

The Council of Mortgage Lenders Scotland said:

“While there would be winners and losers out of any new system we believe a progressive system would be more equitable and overcome some of the inefficiencies created by the slab system.”

The bill team commented:

“The considerations that ministers will take into account will include the expected amount of revenue to be raised”,

and said that

“the volatility of receipts from stamp duty land tax in Scotland over the past few years will be a factor in ministers’ consideration of how to set rates and thresholds.”—[*Official Report, Finance Committee*, 23 January 2013; c 2087.]

The committee supports the introduction of a progressive structure.

Some witnesses expressed concerns about how far in advance of its introduction on 1 April 2015 the level of LBTT would be known. That is particularly relevant in respect of commercial property transactions, on which some witnesses argued there could be a risk of discouraging investment.

Our report highlights the fact that the cabinet secretary is not persuaded of the need to provide too much advance notice and that, as he indicated a few minutes ago, even giving notice in next

year’s draft budget may be too early. We recognise the range of views on the timing of the announcement of rates and bands and ask the Scottish Government to consider likely implications for the commercial property market.

Regarding scrutiny of the proposed bands and rates, the Subordinate Legislation Committee can see no reason why, if the affirmative procedure is required for the initial use of the power to set them, the same level of scrutiny should not be required for the use of the power thereafter. It also identifies the procedural option that is available should there be a need to act quickly in response to changing market conditions.

I note that the cabinet secretary intends to introduce stage 2 amendments to provide a form of provisional affirmative procedure after the first occasion on which the bands and rates are set.

In its consultation on the tax management bill, which covers issues that are applicable to each tax such as collection, the use of information, penalties for late payment and tax evasion, the Scottish Government states:

“SDLT ... has been subject to sustained and aggressive tax avoidance. There is a risk that LBTT could be subject to similar activity.”

The policy memorandum on the Land and Buildings Transactions (Scotland) Bill states:

“all transactions involving land or buildings in Scotland should be liable for LBTT, except in certain limited and specific circumstances set out in legislation.”

The cabinet secretary has said, and he repeated today, that he wants to take a vigorous approach to tax avoidance, and that he will use two different types of anti-avoidance rules. Witnesses broadly supported that approach. There will be an effective general anti-avoidance rule in the tax management bill, and there are targeted anti-avoidance rules in the LBTT bill. The bill team commented on the use of and exemptions from tax relief and on how the Scottish Government has sought to minimise avoidance.

The committee considered in detail the absence of sub-sale relief from the bill. The Scottish Government thinks that the sub-sale rules

“act as a gateway to a significant amount of avoidance activity.”

Some witnesses challenged that. Pinsent Masons said:

“There are numerous circumstances where an organisation might legitimately seek to acquire land and then move it on quickly”,

and went on to say:

“It should be entirely possible to develop subsale relief provisions which protect tax revenues from unacceptable avoidance while retaining the economic benefits which the relief facilitates.”

Some witnesses suggested that removal of sub-sale relief would impact on forward funding arrangements, where three parties—the vendor, the property developer and an institutional investor—are involved in the development of a property. Brodies argued that although sub-sale relief has been used to avoid paying SDLT, it has also facilitated development. Brodies thought that, in the absence of sub-sale relief, Scottish developers could face higher costs than developers in the rest of the United Kingdom and concluded:

“such proposals for higher taxation cannot be justified or supported.”

The Scottish Government gave two reasons for excluding sub-sale relief from the bill. The first was:

“although we accept that a piece of land can be bought and sold twice on the same day for perfectly legitimate commercial reasons ... we were not persuaded that there was an obvious case for relieving one of the sets of transactions from tax”.

The second reason was:

“sub-sale relief has become an avenue for avoidance of quite substantial amounts of stamp duty land tax across the UK. We were anxious to limit opportunities for tax avoidance.”—[*Official Report, Finance Committee, 23 January 2013; c 2088-9.*]

The cabinet secretary told the committee:

“I have not come to a final decision on sub-sale relief.”—[*Official Report, Finance Committee, 27 February 2013; c 2312.*]

However, today he announced that he has come to a decision. He also distinguished between sub-sale relief and forward funding, expressing a desire to tackle tax avoidance without adversely impacting on economic growth. The committee welcomes that distinction.

The cabinet secretary told the committee:

“I am not minded to bring forward targeted relief, but my mind is not fixed on that and I will wait until the committee reports in that respect.”—[*Official Report, Finance Committee, 27 February 2013; c 2312.*]

If sub-sale relief were to be accommodated, Registers of Scotland would be prepared to build functionality in that regard into the system and manage it. However, the committee supported the removal of sub-sale relief from LBTT, on the basis that the necessary amendments will be lodged at stage 2 to ensure that forward funding or other legitimate arrangements are not subject to double taxation.

The roles of revenue Scotland and Registers of Scotland are key to the efficient management and collection of LBTT. Revenue Scotland, the tax authority for LBTT and the landfill tax, will be established as a non-ministerial department, which will be accountable to this Parliament rather than

to ministers. Its structure, functions and so on will be developed under the tax management bill.

Revenue Scotland’s establishment was welcomed, as was the role of ROS in collecting LBTT. However, as the bill team said:

“Resourcing is important and we are giving it a lot of thought.”—[*Official Report, Finance Committee, 23 January 2013; c 2092.*]

The Law Society of Scotland said:

“It is essential that the new online system for LBTT is ready in sufficient time for it to be adequately tested by practitioners and for guidance to be prepared well before April 2015.”

I note that, in response to Mary Scanlon, the cabinet secretary said that that is work in progress.

Concern was expressed about the readiness and suitability of the IT infrastructure. There was concern about the robustness, speed and ease of use of the automated registration of title to land system and about the need to replace it with a fully operational system that has been tested by external users as well as by ROS. There is clearly a role for the Scottish Government in providing efficient oversight and management in that regard. The cabinet secretary is confident that ROS will deliver the necessary IT infrastructure, and ROS thinks that the funding will be sufficient to design and build a new system, with “sufficient contingency”.

On information and guidance to taxpayers, provision is made in the financial memorandum to cover costs in relation to staffing, printing and communication and a helpline. The definition of roles and responsibilities is important in ensuring that people know whom to approach for advice and assistance. Well-trained specialist staff and full and accessible guidance will be crucial.

Clarity on compliance activity, with revenue Scotland producing milestones and dates for key deliverables, is important. We will monitor and scrutinise the implementation and delivery of LBTT through progress reports from both bodies.

On transitional arrangements, costs will arise from work to enable systems to be switched off and from communications, including publicity and guidance.

The Office for Budget Responsibility has responsibility for forecasting receipts for the Scottish rate of income tax, SDLT and landfill tax on a six-monthly basis, alongside its economic and fiscal outlook. It has provided forecasts for Scottish taxes to 2017-18 and specific forecasts for SDLT to 2016-17.

The financial memorandum states:

“It is reasonable to assume that receipts from LBTT will be equivalent to those from SDLT at present and the block grant adjustment will be broadly equal to the level of SDLT receipts.”

Homes for Scotland expressed concerns about the strength of the housing market and believes that

“significant change is unlikely in the coming years.”—
[*Official Report, Finance Committee*, 30 January 2013; c 2162.]

The Scottish Property Federation believes the OBR forecasts to be “wildly optimistic.” It suggests that the Scottish Government “digs in its heels” when negotiating the SDLT block grant adjustment with Her Majesty’s Treasury.

There will be a one-off reduction in the block grant. The cabinet secretary suggests that, given the volatility in SDLT receipts, the fairest and most reliable means of calculating the size of the reduction would be to calculate a five-year receipt average using actual rather than forecast data when calculating the adjustment, given that

“the forward estimating of SDLT is very difficult”—[*Official Report, Finance Committee*, 27 February 2013; c 2328.]

and that OBR forecasts have already been significantly revised.

The committee is taking evidence on the block grant adjustment and will report before the end of May to help inform discussions of the Joint Exchequer Committee.

The committee has assessed and reflected carefully on the evidence and supports the general principles of the bill. It will now aim to monitor closely the implementation and delivery of LBTT.

Given the time allowed, I have not talked about charities, but I know that colleagues have raised the matter in committee extensively and will do so again in their speeches today.

At stage 2, we will consider issues surrounding sub-sale relief, forward funding and non-residential leases. Given the very technical nature of the amendments that we expect, we are keen to see them as early in the stage 2 process as possible. We greatly appreciate the efforts of the bill team and the cabinet secretary in that regard.

14:56

Ken Macintosh (Eastwood) (Lab): The land and buildings transaction tax is, I believe, Scotland’s first new tax in 300 years. It stems from the conclusions of the Calman commission, established by Wendy Alexander and other party leaders, and it marks the first transfer of substantial fiscal power from Westminster to Holyrood under the Scotland Act 2012.

The bill makes provision for a tax on land transactions in Scotland and is scheduled to replace the UK-wide stamp duty land tax from April 2015. I make it clear from the outset that Scottish Labour broadly supports the principles of LBTT as outlined in the bill and that we believe that the bill is an example of devolution working well.

Given the political contention surrounding the whole issue of tax-raising powers and devolution, concern over rampant tax avoidance and worries over a lack of support for the housing industry, it is worth remarking on the level of cross-party political agreement that has been reached on the bill. The bill affords Scotland the opportunity to design a tax that suits our own needs, redresses some of the current taxation system’s flaws and frees the Scottish housing market from the market distortions of London and the south-east.

No one will be surprised to hear that Scottish Labour supports the principles of a progressive approach to taxation. We believe that replacing stamp duty’s tiered or so-called slab structure with LBTT’s gradual rising scale or progressive approach is a welcome change to the existing tax system. The current slab taxation approach creates disincentives and marked inequities in the level of tax paid, particularly around the tax thresholds, where a difference of £1 in a selling price can lead to an extra tax burden that is measured in thousands of pounds.

Not only will changing to a progressive scale lead—I hope—to a more equitable tax structure, it will help to eliminate the market distortions around tax thresholds and simultaneously facilitate the sale of properties that are valued at marginally above the thresholds. It should also mean that the tax applied to transactions will be more reflective of the total value of the property being sold, which it is hoped will result in a more robust and competitive Scottish property market.

It is worth commenting that, as well as our reaching political agreement, witnesses from the public, private and voluntary sectors all broadly supported the principles underpinning LBTT.

However, it is worth highlighting that ministers have yet to announce one of the most important matters of all, which is what the new tax rates will be. We know that there will be a 0 per cent band and at least two other higher bands, but it is far from clear when the cabinet secretary intends to make that information public. We are also led to expect the effect on the tax take from the change from stamp duty to LBTT to be broadly neutral, but that still leaves quite a deal of uncertainty.

The Confederation of British Industry, among others, noted that a new Scottish system should take UK tax rates into account when setting

banding levels, as any substantial difference between UK stamp duty and Scottish LBTT rates could have a direct effect on Scotland's attractiveness as a place in which to work, live or invest.

Several witnesses raised concerns—which the cabinet secretary and Mr Gibson, as convener of the committee, echoed—about the important judgment to be made when announcing the new rates. Particular sensitivity was expressed about the length of time between the announcement of the new tax and its implementation. Many recognised that that period must be short enough to prevent people from delaying or bringing forward transactions in a bid to game the system and therefore benefit from the time lag. Others suggested that that must be weighed against the need to prevent uncertainty in the market. The cabinet secretary suggested in his evidence and confirmed this afternoon that he might not announce the new banding levels even by as late as his budget of September 2014.

Of course, it could be that the cabinet secretary believes that he will be too depressed in September 2014 to make any such decision. I hope—

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

Ken Macintosh: I hope that Mr Mason can demonstrate a sense of humour.

John Mason: Does the member accept that, if the overall indication is that the effect will be broadly neutral, the room for manoeuvre is not huge? The position is not that unpredictable.

Ken Macintosh: Indeed. I was just about to suggest to the cabinet secretary that, if he indicates to the committee and to Parliament when he has agreed on a date, so that we can have some clarity on the matter, that will help.

Every bit as important as the new taxation rates will be the agreement that is reached with Westminster on the consequent reduction in the block grant. I hope that the cabinet secretary will accept our assurances that we will support him in securing a good deal for Scotland. I should emphasise that a good deal for Scotland is one that is fair and is accepted by both sides as just. Basing agreement on figures from the Office for Budget Responsibility could be successful. I would want an agreement as robust as that secured by the no-detriment principle in the Calman commission's other recommendations on tax.

The Finance Committee fully agreed with the Government that the bill offers an opportunity to tackle the susceptibility of stamp duty to tax avoidance. The cabinet secretary and I have disagreed in the past over the Scottish

Government's support for tax dodgers such as Amazon, so I was very pleased to welcome and support the bill's general anti-avoidance rule. We hope that the GAAR will minimise the exposure of LBTT and the forthcoming landfill tax to abusive tax arrangements and we believe that the rule should be robust and rigorously enforced.

We support the bill's general approach, which is to do away with most tax reliefs—again, in the hope that that will help to prevent tax avoidance. There has been much discussion and lobbying on the removal of sub-sale relief. The committee has—rightly—highlighted concern about that. I welcome the cabinet secretary's earlier comment and his statement in response to the committee that the Government will work with key stakeholders to ensure that forward-funding arrangements are not subject to double taxation. Above-board transactions should not be unnecessarily punished or stifled by the new tax system.

It will be even more important for the cabinet secretary to look long and hard at what he can do to promote more energy-efficient homes. The fact that zero-carbon homes relief has not been successfully applied for in Scotland does not merit the Government backsliding on the climate change cause. Measures to incentivise energy efficiency need to be re-explored, particularly if the Government is serious about making energy efficiency a more significant factor in home buyers' priorities and if we are to cut carbon emissions by 42 per cent as planned.

John Swinney: The point that I advanced at the committee is that I was not persuaded by a relief for a property transaction whereby the purchaser got the benefit of an investment that an individual householder had made when occupying that property. The provisions that were inserted into the climate change legislation in relation to council tax were one helpful step. We had to ensure that those schemes were more widely available and taken up more than they were. There is no intention not to give due attention to tackling carbon emissions; the issue is finding the right mechanisms to do so.

Ken Macintosh: I welcome the cabinet secretary's approach. I have sympathy for the non-renewal of a scheme for which there were no successful applications in Scotland.

However, I draw the cabinet secretary's attention to a proposal, prepared for the UK Green Building Council, that has been circulated in the past couple of days by the Association for the Conservation of Energy. It proposes

"an energy efficiency modifier which would be fiscally neutral ... but could be applied to LBTT relatively simply."

The proposal has emerged since Mr Booth and Ms Waterson addressed the committee. I urge the cabinet secretary to consider that, because it could give the Government an opportunity to address that priority.

Mike MacKenzie (Highlands and Islands) (SNP): Does the member accept that, given the progressive nature of the tax, the proposed measure would help those who are further up the ladder more? Those are the people who least need help in making their homes more energy efficient. It is the people who are lower down the scale who need the help.

Ken Macintosh: Mr MacKenzie raises an interesting point about our desire as a country to reduce carbon emissions. If carbon emissions on larger homes are greater, we need to put greater emphasis on reducing them. It is an interesting dilemma; all that I would urge at this stage is that the cabinet secretary—and, perhaps, the committee members—look at the proposal, as the bill offers an opportunity to make progress on an issue on which I do not think that we are making much progress. We are doing very well on new-build houses, but we are not doing so well on retrofitting existing homes, and the matter is important.

The Scottish Labour Party similarly welcomes the charities and charitable trust relief, which states that tax relief from LBTT will be offered only to charities that are registered with OSCR. As with other measures, we wish to clamp down on potential abuse of the tax system. However, great care must be taken to ensure that legitimate charities are not excluded from relief.

Regarding the administration of the tax, Scottish Labour notes that the tax management bill proposes the creation of revenue Scotland as a non-ministerial body for the “care and management” of devolved tax receipts. The bill states that Registers of Scotland will also have a role in the collection of revenues. We echo the concern of witnesses that the division of duties between revenue Scotland and ROS should be clearly defined and that both organisations should be appropriately staffed and resourced.

I echo Mary Scanlon’s comment that particular focus should be targeted at the IT systems that revenue Scotland and ROS will use for the delivery of LBTT. There is already widespread unease about the readiness and effectiveness of ROS’s IT system, as well as the current stamp duty online system, which has been described as overly complex. It is essential that adequate time and investment are directed into ensuring that the systems for LBTT are effectively designed, tested and proven fit for purpose.

Scottish Labour broadly supports the principles of LBTT, as outlined in the bill. The bill is a clear indication that devolution is robust and effective, as it allows the Scottish Government the opportunity to design from scratch a new tax system that addresses many of the flaws in the existing stamp duty system. The new tax will be responsive to the markets in Scotland and will not be skewed by economic circumstances elsewhere in the UK. We await the two vital announcements—on tax rates and on the adjustment to the block grant—but we are happy to support the new measure.

15:07

Gavin Brown (Lothian) (Con): The Scottish Conservatives support the general principles of the bill and we will vote for it at decision time. Much of the bill and much of what the cabinet secretary has said is non-contentious and has been agreed by all sides.

I particularly welcome the Scottish Government’s decision to get rid of the slab structure. That will remove market distortions as well as the incentive for the bunching that has taken place for quite some time under stamp duty land tax. The measure has support not only among tax professionals but more widely across the Scottish commercial and residential sectors.

I will comment on three points more specifically. I listened carefully to the cabinet secretary’s speech in relation to those three points and read carefully the Scottish Government’s response to the committee’s report on those three points. On one of those three, I was positively encouraged by what the cabinet secretary said. On another, I was slightly discouraged by what he said. On the third one, I was partially encouraged and partially discouraged by what he said.

I will begin on a positive note. I was encouraged more by what the cabinet secretary said about licences in his response than by what he said in his speech. As matters stand, licences will be liable to LBTT, and the view was expressed in paragraph 54 of the committee’s report that some categories of licence should be exempt from LBTT. What the bill says cannot have been the policy objective or indeed the Government’s thinking at the time of drafting the bill.

The time element for licences is one factor—although not the only one—that must be examined, as there is surely a distinction between temporary short-term occupation and longer-term more permanent occupation. The Scottish Government has said that it

“carefully considered the evidence presented to the Committee ... and intends to bring forward an amendment

at Stage 2 that will set out which licences are within scope of the tax.”

That is welcome news, but perhaps the cabinet secretary could confirm—later or in his closing speech—whether the bill will include a list of the licences that would be covered, as opposed to a list of exemptions. I wonder whether he can share any more about the principles of that or his thinking on it at this stage.

John Swinney: I confirm that there will be an indication of the licences that are included in the scope. The bill will specify which licences will be covered rather than seek to establish a comprehensive list of all the circumstances that are not covered. I hope that that helps members.

Gavin Brown: That is helpful, and it is probably the right way to go about it, so I am even more encouraged on licences than I was to begin with.

Before I get too carried away, I have to say that I was discouraged—as I have expressed in committee a number of times—to hear about the timing of the announcement of the bandings and rates for LBTT. I was not heartened by that at all.

The original plan was to announce them in September 2014, for operation in April 2015. I judge from evidence to the committee that that has led to some uncertainty in the business community, given the absence of any indication of what the rates and bandings will be.

What the cabinet secretary said today—which is similar to what he said in committee—was that there was a range of views that spanned from one week before to two years before. However, that does not reflect what the committee heard, and I invite him to look again carefully at the evidence to the committee from the commercial sector.

I accept the cabinet secretary’s point about the residential sector, as there was evidence from that sector relating to a timescale of one week before. However, almost without exception, every witness from the commercial sector stated that a date of September 2014 would not give the business and commercial sector enough time.

There was a range of views, but they varied between a year and 18 months before September 2014; they did not go up to April 2015 and they were not spread evenly. It was clear to me that the strong view of the business community—from the Law Society of Scotland, the Institute of Chartered Accountants in Scotland, the Scottish Building Federation and many others—was that the announcement should come sooner than September 2014. I think that the sector will be discouraged by what the cabinet secretary has said on that today.

My third item, sub-sale relief, took up a huge amount of the committee’s time. It is an important

part of the economy, but I accept that it has in the past led—as I am sure it currently does—to tax avoidance, and the Government must strike a balance between those two aspects. As far as I can recall, no one who gave evidence said that sub-sale relief should be kept exactly as it is, but there was a strong view in the commercial sector that the relief’s wholesale removal was a bit of an overreaction and that there ought to be some exemptions.

I was encouraged by the cabinet secretary’s comments on forward funding, and I hope that progress is made through an amendment at stage 2. However, there are elements of sub-sale relief that are not forward funding and which many or most still consider to be legitimate commercial transactions. I ask the cabinet secretary to look at the subject again to see whether there are areas other than forward funding that could be protected via sub-sale relief without allowing the relief in its entirety to remain as it stands—I accept that it leads to a degree of tax avoidance.

There is a balance to be struck, but I am slightly concerned that, taken together with some of what we have heard today, removing the relief tips the balance slightly away from being competitive. I hope that that issue can be revisited.

The Deputy Presiding Officer: We now move to the open debate. I call Jamie Hepburn, to be followed by Malcolm Chisholm. We are a bit tight for time, so I give Mr Hepburn up to six minutes.

15:14

Jamie Hepburn (Cumbernauld and Kilsyth) (SNP): I welcome this stage 1 debate. The bill is, of course, the first of three bills arising as a consequence of the Scotland Act 2012, and I look forward to scrutinising the other bills when they come before the Finance Committee.

I very much welcome the bill’s proposed changes to the scope of stamp duty land tax or, as it will become, LBTT. The proposal to move from the slab structure of taxation to a progressive tax structure has been welcomed across the board. That has been welcomed by just about everyone who has given evidence to the committee, because of course a progressive structure has a greater relation to the ability to pay and deals with market distortion. Just now, there is a huge disincentive for builders to build properties that are valued around the margins of the thresholds or for property to be put on the market around the margins, but the new structure will remove that disincentive.

I recognise that there is on-going dialogue or debate about the timing of the announcement of the new bands. We need to be careful, because doing that too late or too early could influence

market behaviour. The cabinet secretary is right to be cautious about that.

The bill will also bring modifications to reliefs and exemptions, including the withdrawal of sub-sale relief arrangements. I concede that, when the committee took evidence, views on that proposal were more mixed. However, on balance, the bill has got it right in that regard. Clearly, one of the drivers for the legislation is to reduce tax avoidance, and the various reliefs set out in the old tax regime have allowed tax avoidance to arise. I therefore welcome the proposed changes.

I want to raise two issues in particular, if time allows. The first is relief for zero-carbon homes and similar reliefs, and the second is charities relief. I started the process of assessing the bill by being quite sympathetic to the idea that there should be some form of relief to encourage environmental improvements in homes. Organisations out there gave evidence in support of that. However, we should bear in mind the point that Homes for Scotland made, which is that very few people buy their home with environmental improvement uppermost in their mind. Certainly, when I bought my home, its energy efficiency was not particularly uppermost in my mind.

I take on board the cabinet secretary's point that there may be other, more appropriate ways of incentivising the use of energy efficiency measures than doing so through the bill. If sensible measures are proposed, the committee will consider them. However, on balance, the bill has it just about right at the moment.

Charities relief will ultimately affect very few transactions in any year. However, it took up some of the time that the committee spent on considering the bill at stage 1. I very much support the element of LBTT that will offer relief for charities. Organisations out there doing charitable work should be supported in that way. In essence, the relief will mean that the Scottish taxpayer will subsidise charities, so we must have the right mechanism for charities to benefit. Brodies solicitors and ICAS suggested that charities relief should be available to organisations whose charitable status is granted by HM Revenue and Customs, but I have some concerns about that, notwithstanding the good relations that I am sure exist between the Scottish Government and HMRC.

HMRC is not answerable to this Parliament on a legislative basis or to the Scottish Government on an executive basis. For that reason, OSCR is a much more appropriate organisation for charities to be registered with in order to benefit from charities relief. Some expressed concern that foreign charities cannot register with OSCR, but we have had clear evidence that section 14 of the Charities and Trustee Investment (Scotland) Act

2005 allows for foreign charities to register with OSCR. Concern was also expressed that registering is an onerous task for charities. However, the requirement to register with OSCR already exists, so it will be no more onerous for a charity to register for charities relief purposes. If a foreign charity wants to get a subsidy from the Scottish taxpayer, the least that it can do is register as a charity.

Let me conclude by focusing briefly on an issue that the convener of the committee mentioned—the block grant adjustment.

The Deputy Presiding Officer: You have 30 seconds.

Jamie Hepburn: The block grant will be reduced on a one-off basis for LBTT. We have to get that right. I say to Mr Macintosh that how fairly the Treasury plays on the matter might demonstrate how effective devolution is in comparison with other options that are available to Scotland. I support the methodology that the Scottish Government has suggested. I look forward to looking at that in the committee and to stage 2 of the bill process.

15:20

Malcolm Chisholm (Edinburgh Northern and Leith) (Lab): I am pleased to take part in this landmark debate, in which we are considering a tax bill for the first time in the history of the Scottish Parliament. I hope that it will be the first of many debates on devolved tax bills, in which we will grapple with the pros and cons and the trade-offs of different rates, reliefs and incentives.

Central to any devolved tax bill is something that is not in the bill at all—namely, the block grant adjustment. We should briefly consider that; it is probably the most important of all the things that we will discuss today, because if we do not get it right it will not be worth our while going down this route at all. As the cabinet secretary and others are, I am concerned that if we rely only on OBR estimates of what might have been or would be raised post-2015, we might have an overestimate from the OBR—that is what it usually does—and then we will have too much money taken off our grant. I am therefore minded to support the cabinet secretary's proposal in committee that we use how much was raised in the five years up to 2015 as a basis for those negotiations.

Some people who made written submissions regretted that the bill is not more radical, but my understanding is that the tax was devolved subject to its being a tax on land transactions, so obviously the Government had to follow that. However, the decision to raise the same amount of money was, I think, the Government's decision. I am not quibbling with that decision, but if we

think about it, more restricted reliefs are being proposed in the interest of simplification and in order to target avoidance, which means that, if the same amount of money is to be raised, there will probably be a slightly more generous banding system when the detailed bands and rates are announced. I do not quibble with that either.

Like others, I support the progressive system that is envisaged instead of the slab system. I would like it to be very progressive, as it were, and in that sense—I seem to be agreeing with the cabinet secretary an awful lot today—I am quite pleased by his suggestion about helping first-time buyers and ensuring that people with pretty expensive houses that are worth more than £325,000 pay more. I certainly view that sympathetically.

Different views were expressed about when the cabinet secretary should announce the bands and rates. It was quite a difficult issue for the committee but, on balance, it was the people who are concerned with commercial property who wanted an announcement well in advance, whereas the Edinburgh Solicitors Property Centre in my neck of the woods did not want them to be announced many days before the start of the tax. One conclusion from that might be that we should have different dates for the announcement of the commercial and the residential bands and rates.

Stewart Stevenson (Banffshire and Buchan Coast) (SNP): Although it closes a loophole, on 21 March 2012, the Chancellor of the Exchequer announced that, with immediate effect, there would be a 15 per cent stamp duty on transactions done through companies and whose value is over £2 million, so a number of changes could be made very quickly indeed.

Malcolm Chisholm: That is a fair point and I would not disagree.

Ensuring that there is no tax avoidance is an important aspect of the bill. The general provision, which will be included in the forthcoming tax management bill, has been mentioned. Specific measures in the Land and Buildings Transaction Tax (Scotland) Bill include those on sub-sale relief. A lot of the debate has been about that. As Ken Macintosh said, we on this side of the chamber generally support what the cabinet secretary is saying on sub-sale relief, while seeking to ensure that forward funding arrangements to enable site development are protected. We should consider Gavin Brown's suggestion, if there is any territory between tax avoidance and forward funding, but I am not particularly persuaded of that at the moment.

Charities relief took up quite a lot of our time in committee because it is intrinsically interesting, although it is not going to be an enormous issue in

terms of the number of charities from outwith Scotland. I note that David Robb, who heads up OSCR, suggested that there are easier ways to identify bona fide charities than registration with OSCR, so perhaps we should follow his advice.

Like the cabinet secretary, the committee was not persuaded about the reliefs for energy efficiency, although I was probably a bit more sympathetic to them than others were. The paper that we received from the UK Green Building Council, which Ken Macintosh mentioned, is worth looking at during our stage 2 consideration, not least because the proposal is revenue neutral. It does not claim to deal with all the issues around incentivising energy efficiency, but it is certainly worth looking at. I will not go into its detail now, but we should keep the paper for consideration.

In my last minute I will briefly discuss administration issues. Mary Scanlon mentioned her concerns about IT systems at Registers of Scotland, although we are assured that those have been sorted out—we certainly hope so.

The main issue to be resolved is the respective roles of revenue Scotland and Registers of Scotland. A witness from Registers of Scotland said words to the effect that he did not know whether they would advise on just forms or aspects of the tax. Clearly, that has to be ironed out in the coming period.

Another concern was that payment will have to be made prior to registration. The Council of Mortgage Lenders said that that would be all right if the system of advance notices under the Land Registration etc (Scotland) Act 2012 was introduced before LBTT. I must say that I do not have a clue as to what the system of advance notices is, but I am very happy to follow the advice of the Council of Mortgage Lenders Scotland in that regard.

15:26

John Mason (Glasgow Shettleston) (SNP): It is encouraging that there is widespread welcome for the replacement of SDLT with a simpler and more progressive tax, and especially for the replacement of the slab system, in which a huge increase in tax could come from a tiny increase in price.

The committee as a whole was very positive about the bill and the tax, with the clear conclusion that it supports the bill's principles. It was mainly around the edges that we had questions or suggestions for improvements.

My first main point is to say how exciting it is that we are having this debate at all, because we are debating the introduction of the first new tax in Scotland. Okay, it is only a small tax, but there is

something symbolic about it: it shows that the country and the Parliament are moving forward to maturity. Not only are we spending a block grant that has been given to us, but we are becoming involved in raising some of the revenues that we can spend. That will be challenging, not least for the Finance Committee, which will have to gain the expertise and find the time to examine properly and challenge the new tax as it is put into effect.

As I said, the tax is relatively small, and there are bigger taxes to come—especially the share of income tax—but it is the first step on the latest stage of the constitutional journey. It is one step closer to fiscal autonomy and one step closer to independence. It seems to be inevitable that we will eventually reach independence; the only real question is when exactly that will take place.

Neil Findlay (Lothian) (Lab): Given that John Mason has expressed his excitement about today, will he express some contrition about opposing the Calman commission and the Scotland Act 2012, which brought us to this very exciting day?

John Mason: That question is not quite on subject. Given that Calman proposed a system of block grant reduction that would have damaged Scotland, I have to say that I am not a fan.

I return to the tax itself. How we implement it will set a precedent for future taxes. The cabinet secretary referred to the principles of getting it right at this stage. I am very comfortable with the four principles that he mentioned when he quoted Adam Smith: certainty, taxpayer convenience, efficiency and proportionality in relation to ability to pay.

We spent a lot of time looking at reliefs and it was interesting that some of the same people who asked for simplification of the tax also seemed to ask for more and more reliefs. In fact, some of the witness who appeared did not really want to pay any tax at all. I would like to spend a moment on that point.

The suggestion is that we must be competitive and so we must lower all taxes, but that is far too simplistic a view. Tax is surely one factor when companies come to make decisions about location, but an educated workforce is another, and we cannot have an educated workforce if we do not have taxation to fund schools, colleges and so on. Tax is inherently a good thing; it is how we fund public services, but of course we accept that it has to be at a reasonable level.

I will comment briefly on some of the reliefs that we discussed. On sub-sale relief, there was initially quite a lot of confusion among members of the committee and some of the witnesses about funding mechanisms. The example that was given of a farm that is bought and then split among three neighbouring farmers seemed to be a good one.

Zero-carbon homes relief has not worked under SDLT. We took evidence from a number of witnesses who were enthusiastic about it, but it seems to me that such a relief under LBTT would be a very blunt instrument to use to achieve what is a good aim.

On charities, we are looking for a practical solution. It is clear that OSCR has set the bar for qualifying as a charity very high, and we do not want to compromise that by allowing any charity anywhere to count as a charity here.

We discussed tax avoidance at length. The Scottish Parliament information centre briefing on the bill says:

“Tax avoidance is distinct from tax evasion in that avoidance exploits loopholes in the law, while evasion entails illegal activity.”

It has traditionally been held that avoidance includes moral avoidance—an example of which is people claiming their tax allowance—and immoral avoidance, which involves going against the spirit of the legislation. It seems that the more reliefs there are, the more doors there are for avoidance and the more avoidance there is likely to be. I know that that will be dealt with in the proposed tax management bill, which will include a general anti-avoidance rule.

We spent less time on exemptions. In general, it is assumed that the exemptions will be much as they are at present. I have some questions about exemption on death, as it could maintain the gap between rich and poor by allowing wealth to stay in richer families. However, I take the point that inheritance tax is intended to address that.

The issue of rates and when they should be announced came up. In paragraph 10 of its report, the committee welcomed the progressive structure that is being adopted. It has been said a number of times that some people would like the rates to be announced sooner rather than later, but how can the cabinet secretary make future budget announcements so far ahead? That would tie his hands. We do not know what house prices will be like or what the situation will be in the wider economy, let alone what will happen with the block grant and the related adjustments. It has been indicated that LBTT will be broadly revenue neutral, which I guess gives a pretty strong indication of what level the rates are likely to be set at.

The relationship with HMRC is crucial for all three taxes. So far, it seems that if we make changes that affect Scotland, we must pay the bill, but if Westminster makes such changes, we still have to pay the bill. I do not think that that was the original intention. I am somewhat suspicious of HMRC, but I hope that I will be proved wrong.

I am more than happy to support the bill and the tax that it will introduce. I am especially happy that it marks the first step in the next stage of our journey as a country.

15:32

Michael McMahon (Uddingston and Bellshill) (Lab): This is not the first time I have taken part in a stage 1 debate in which there has been very little to say that has not been said already by the time I have stood up to speak. However, the truth is that, having listened to the often highly technical and complex evidence that an array of witnesses provided, and having read the detailed and informative written submissions to the Finance Committee, we can do no more than conclude that the land and buildings transaction tax is a welcome addition to the powers that are available to the Scottish Government to make decisions here in Scotland that will better reflect the circumstances that exist in relation to property markets in this part of Britain.

Little can be found to criticise in the detail of the bill. The concerns that were raised were more to do with issues such as implementation of the tax within the overall taxation regime across the UK. As others have said, major challenges will now be faced when agreement on block grant adjustments has to be reached between the different legislative jurisdictions.

However, the structure of LBTT is not the subject of any great concern. Indeed, more than one voice was heard to say how welcome it was that the Scotland Act 2012 had provided the opportunity to replace stamp duty land tax, with all its inherent flaws. As has been said, among the most welcome aspects of LBTT is the removal of the slab structure and its replacement with a progressive structure. Witnesses were highly supportive of that approach. No organisation was more supportive of it than the Council of Mortgage Lenders Scotland, which rightly identified that it is inevitable that there would be winners and losers in any new system but preferred to look at the positive side. It highlighted the fact that

“a progressive system would be more equitable and overcome some of the inefficiencies created by the slab system.”

However, there was some concern that there could be a disproportionate effect on high-value transactions that are liable to the top rate of LBTT. The CMLS was joined by the Confederation of British Industry Scotland in identifying that concern, but I am less concerned about that aspect of LBTT, as the Scottish Government will continue to ensure that people in higher-cost houses get a nice wee discount on their properties through the council tax freeze, which gives most to those with the deepest pockets and the biggest

homes. However, the CBI is right to argue that, when setting the rates for higher-valued domestic properties, the Scottish Government would need to take cognisance of rates that apply elsewhere in the United Kingdom.

Most concern arises—with some justification—regarding the uncertainty that may emerge around LBTT rates in the lead-up to the introduction of the tax, especially in relation to commercial property, because that may discourage investment in the Scottish market. Although Adam Smith would perhaps be very proud of the cabinet secretary's adherence to the laissez faire free-market policies that he laid down, he would not be very keen to endorse the cabinet secretary's position with regard to the uncertainty around taxation. I have read and re-read all the evidence that was made available to the committee, and I cannot find anyone, other than the cabinet secretary himself, who gave evidence that ran counter to the view that such uncertainty might be a problem. For us to conclude that there was a range of views on the subject stretches credulity to the limit. Any statistical analysis of the evidence that was brought before the committee could lead us only to the view that the cabinet secretary is an outlier when it comes to where the weight of evidence lies.

The Law Society of Scotland, while commenting that residential rates would not be quite so important, expressed concern that a forward timescale was important for commercial property. In general, witnesses were very clear regarding their view that the absence of any indication of likely future rates of LBTT creates an additional layer of uncertainty. Most important is the view that was posited by the Institute of Chartered Accountants of Scotland, which argued that the lack of clarity even on provisional figures for tax rates or bands goes against the principle of certainty in taxation.

Given the concerns that have been raised over the slump in construction, which emerged again in this morning's gross domestic product figures, it is worrying that the Scottish Building Federation conveyed a message to the committee that, in relation to commercial rates, it would prefer a minimum of 12 months between the publication and the impact and that, if we could get towards 18 months, that would be even more preferable for the federation. Homes for Scotland and the Scottish Property Federation were both supportive of that view, and Brodies informed the committee that the feedback that it had received from commercial clients revealed their concern about uncertainty. I urge the cabinet secretary seriously to reconsider his position on the matter, as it could have a direct impact on the construction industry in particular, in its battle out of the economic downturn.

As many witnesses attested, if specific rates cannot be published, guidance about the intentions and an indication of the top rate, at least, would be welcome. That is the very least that people should be able to expect.

Overall, the bill should be a good piece of legislation, delivered under the devolved settlement, which will help Scotland to consider its own property markets and address the concerns that currently exist in the sector.

I would be encouraged if the cabinet secretary could give us some indication that he will reconsider that major point of concern—the only one that divided the committee. It would be useful if we could have the gap closed between those who have concerns and the Government as it pursues the new legislation.

The bill is very worthy of support, although it just needs a little more effort to make it a bit more perfect with regard to what we actually need.

15:38

Mark McDonald (North East Scotland) (SNP):

I rise as a former member of the Finance Committee. Although I was not part of the stage 1 deliberations on the Land and Buildings Transaction Tax (Scotland) Bill, I was part of the committee when evidence was being taken regarding the transfer of powers under the Scotland Bill—now the Scotland Act 2012. I will touch on that later in my speech.

There are three key areas that I wish to consider. The first involves the progressive nature of the land and buildings transaction tax as introduced by the Scottish Government. The second is about the administration of taxation in Scotland, specifically in relation to LBTT. Thirdly, there is the principle of greater control.

I start with the progressive nature of the tax. The idea that the burden of payment should reflect the ability of the payer to bear it is the principle that has guided the bill. We can consider some of the supportive comments that have been made in that regard. Isobel d'Inverno, convener of the Law Society of Scotland's tax law committee said:

"We strongly support the replacement of the slab system of stamp duty land tax, which many perceive as unfair due to the steep rise in tax for properties just above the thresholds. This distorts the market by keeping prices artificially low and gives rise to tax avoidance. We are certain that the proposed new progressive structure will be fairer and simpler for those buying a house."

The Edinburgh Solicitors Property Centre was quoted in the *Evening Times* as saying that the current structure of slab duty

"creates inequalities in the level of taxation paid."

I note that, in its submission to the Finance Committee, the Council of Mortgage Lenders Scotland said:

"While there would be winners and losers out of any new system we believe a progressive system would be more equitable and overcome some of the inefficiencies created by the slab system."

I think that that will be an important measure. I say that especially as a member who represents North East Scotland, where property prices are high. That means not only that property is expensive and towards the upper end of the scale to which the duty would apply, but that properties that are further down the property ladder also have inflated prices. At the moment, stamp duty is exempted for houses that sell for less than £125,000, but it is difficult to find a decent-sized family property in Aberdeen and other parts of the north-east that would come under that threshold. By raising the threshold under which duty will not apply, the Scottish Government will benefit constituents of mine, many of whom—either young families or first-time buyers—are looking to make that step onto the property ladder. I therefore welcome the move and disagree with those who have said that first-time buyers are not necessarily looking to buy those kinds of properties. In some parts of Scotland, those kinds of properties are the only ones that are available. Therefore, the introduction of the new levels as part of LBTT is welcome.

I welcome the establishment of revenue Scotland. In particular, I welcome the fact that it will be able to deliver greater efficiency in the administration of tax; the administration costs will be around 25 per cent lower than those of HMRC. That will be of benefit not only to the Scottish Government, but to the taxpayer, because it will avoid some of the inefficiencies that might otherwise have existed in the system.

When the Finance Committee took evidence from HMRC on the introduction of new tax powers, I asked whether, in theory, it could refuse to administer the new taxes on behalf of the Scottish Government, were the Scottish Government to take a radically different approach to that which exists in the rest of the UK. I was told that, in theory, it could. That might have meant that the Scottish Government could have found itself unnecessarily hamstrung had it chosen not to establish revenue Scotland and instead to rely on HMRC, because it might have been unable to create a different kind of system along the lines of LBTT. The establishment of revenue Scotland will allow the Scottish Government that flexibility and the ability to do something different.

The creation of revenue Scotland also demonstrates that the Government and this Parliament are capable of handling the burden of

greater power and responsibility being handed to us.

That said, we must accept that, even with the new taxes being transferred to Scotland, 85 per cent of the tax that is paid in Scotland will remain reserved and the Scottish Parliament will have control of and responsibility for only 58 per cent of the revenue that is spent in Scotland. The Government and I want that to shift more towards Scotland having greater control of the revenue of Scotland and having all the revenue and taxation powers of Scotland at its disposal.

If LBTT does nothing else, it serves as a microcosm that shows that this Parliament and this Government can do something radically different from the status quo. We can do something more innovative and progressive on taxation when the powers exist in this Parliament to do so.

I look forward to the day when LBTT comes into force, but I also look forward to the day when this Parliament takes control of the other taxation and revenue-raising powers that would exist with independence, because I believe that what we are doing today demonstrates that a different approach is not only possible but optimal.

15:44

Alison McInnes (North East Scotland) (LD): I, too, welcome today's stage 1 debate on the first of a series of bills that are being introduced as a result of a number of tax-raising powers being devolved by the Scotland Act 2012. I admit to a certain disadvantage, in that most of those who have spoken up to now have been members of the Finance Committee and I have not had that benefit.

Replacing stamp duty land tax is an opportunity for the Scottish Government to make the most of the new powers and to come up with a Scottish system for taxing land transactions that is modern and efficient, that tackles avoidance and that is better aligned with Scots law and practices. We have heard from John Swinney how he believes that that is the case. It is also an opportunity to pursue some of the Government's policy priorities. The new powers could be used to design a system that incentivises the reuse of empty properties and the development of brownfield sites as well as tackling fuel poverty and climate change. However, I fear that the Government has not been quite as ambitious as it could have been in designing the land and buildings transaction tax.

Members have spoken about the shift from the current slab structure to a more progressive one. That sounds appealing, but I have a concern about the impact of the change on house prices. The proposed new system avoids the sudden

increases in liabilities that are a feature of the slab system and create distortions in the market. That sounds attractive, but does anyone lose out from that? The distortions in the market are where house prices cluster below £125,000 and £250,000. The Government's proposed system will remove the incentive for sellers to price their property below those thresholds, and house prices could increase as a result.

Although I recognise that the feedback from witnesses has been supportive, we must bear in mind the fact that the committee heard evidence only from estate agents and house builders, which are hardly neutral players in the debate. I do not think that we have really heard the views of those who are trying to buy property. Therefore, I press the cabinet secretary to reassure us that he has considered the specific impact of the bill on property prices. There is a nagging worry that, under the Government's plans, buyers in particular regions of the market may end up paying more for their houses.

The other issue that I will focus on is the lack of measures that will contribute to the Government's priorities on tackling climate change and poverty. I note what the cabinet secretary said to Ken Macintosh but, like him, I believe that we must use all the levers that we have in our toolbox to change behaviour. The zero-carbon homes relief has not been included in the bill on the basis that it did not achieve its objectives, and I know that the relief attracted very few applications. Nevertheless, there is still a good case for including in the bill a relief that is related to energy efficiency. Two thirds of respondents to the Government's consultation wanted the tax to support key Government priorities, with energy efficiency being by far the most supported priority. I therefore ask the cabinet secretary to give further consideration to that at stage 2. The witnesses who gave evidence to the committee made it clear that—as other members have said—the energy efficiency of a property is not a top priority for buyers at the moment, but perhaps it ought to be.

Kenneth Gibson: I thank Alison for taking an intervention. This is meant to be a helpful intervention. The whole Finance Committee was keen to see something along those lines, but the problem was in finding something that could work in practice. The difficulty that the committee struggled with was not the aim or intention, but the practicality of the legislation. If a practical suggestion were made, I am sure that it would be considered.

The Deputy Presiding Officer (Elaine Smith): I remind members to use full names, please.

Alison McInnes: I thank the convener of the Finance Committee for that helpful intervention. I hope that he is open to any suggestions that come

forward at stage 2 that have been worked through and which would provide practical solutions.

Chas Booth from the Existing Homes Alliance explained that energy efficiency clearly is not a significant factor, and part of the reason for introducing the relief is to make it a significant factor. It would not be the magic bullet, but it might just improve the chances of people taking seriously the energy efficiency of their properties. Perhaps with continuously and inexorably rising fuel prices, people will start to look at that.

Mike MacKenzie: Will the member give way?

Alison McInnes: Let me make some progress.

There was much discussion in the committee about how the scheme could work, and I want the committee and the Government to explore that at stage 2. A number of policies are needed, including existing council tax reliefs and Government grants, but the zero-carbon homes relief could play a key role.

There are already concerns that the Government is watering down its ambition by proposing to delay the introduction of energy efficiency standards for private homes, and many respondents to the Government's sustainable housing strategy consultation support those incentives. There is the potential for the new tax to be used as a lever to influence behaviour and achieve results, so I urge the cabinet secretary to consider that.

There is also an opportunity to have a lower tax on empty property that is brought back into use, or on property that is built on brownfield sites. I ask the minister to set out what consideration has been given to those ideas.

The Government's recent consultation on the landfill tax refers to

"modest new powers ... over a small number of devolved taxes"

and then goes on to ask for full tax-raising powers. One of the first questions in the consultation paper seeks views on whether the aggregates levy should be devolved. I would like the Scottish Government to be more ambitious about the taxes over which it already has control. Getting those right could boost the economy directly and indirectly, to the benefit of home buyers, businesses and the environment.

15:50

Richard Lyle (Central Scotland) (SNP): Like Alison McInnes, I am not a member of the Finance Committee either—

John Mason: Hear, hear.

Richard Lyle: Indeed.

As has already been stated, the Land and Buildings Transaction Tax (Scotland) Bill is a significant piece of legislation, which represents the first transfer of meaningful fiscal power from London to Scotland under the terms of the Scotland Act 2012. The act means that, from April 2015, the Scottish Parliament will be empowered to introduce and manage taxes on the purchase or leasing of land or buildings and on the disposal of waste to landfill.

Even after those measures are in place, 85 per cent of taxes paid in Scotland will be managed by Westminster, and the Scottish Parliament will manage only 15 per cent of our taxes. We should have responsibility for all taxes that are paid in Scotland. I believe that the Scottish Government has demonstrated an approach to taxation that is equitable and fair, especially when we remember the action that it has taken over the council tax.

LBTT will cover a range of property transactions. I believe that LBTT will not be disruptive to activity in the housing market. Indeed, there are features within LBTT that will smooth some undue distortions. With LBTT's progressive system of taxation, the value of the tax applied will be more reflective of the total value of the property being sold. That may see an end to the inefficiencies in the market that arise from stamp duty.

LBTT may also provide an opportunity to incentivise first-time buyers to enter the market. Evidence suggests that the most recent stamp duty holiday did not greatly assist first-time buyers on to the housing ladder, as high deposit requirements usually remained the single biggest obstacles. I remember how much of a deposit my son had to put down when he bought his first house—it was quite horrendous. Any assistance in the form of discounts or exemptions should be welcomed, as every first-time buyer who gains a foothold on the housing ladder creates a knock-on effect higher up.

I note that the Scottish Government will need to consider carefully the proper levels at which to introduce the rates of tax so as to avoid unnecessary market distortions. Any disparity could introduce inequalities into the market and make it more difficult for households to move up the ladder. While I acknowledge that an aim of the more progressive system of taxation is to place a greater burden on those who have the broadest shoulders, it is worth pointing out that high house prices are not always matched by cash-rich or high-income households. Various sources suggest that the current system results in people paying too much tax at certain points, which distorts the housing market.

In its stage 1 report on the bill, the Finance Committee notes the need to consider the timing

of the announcement of the rates and bands. The timing of that announcement is also extremely important to the residential housing market. We must ensure that the legislation is implemented in a fair and equitable fashion to avoid introducing unnecessary blockages in the market, which would affect the affordability of properties up and down the housing ladder. The announcement should occur as close to the implementation date of the LBTT as is practicable to avoid creating undue distortions. I note the cabinet secretary's comments on that today.

We have been advised that the tax will be cash neutral, but some of the briefings that we have received present various scenarios, including one that gives winners and losers. Under one of those scenarios, 50.7 per cent would pay less, 38.9 per cent would pay the same amount and more than 10 per cent would pay more than they do under SDLT. I am sure that the Government will give serious consideration to what is best for the market.

Those who buy a house for less than £125,000 will continue to pay nothing and will be unaffected; those who buy a house that costs between £125,000 to £325,000 will be better off by up to £5,000; those who buy a house for £325,000 or more will pay more; those who buy a house that costs £400,000 will pay £4,750 more under the scheme; and those who buy a house for £1 million will pay £23,750 more in tax. The socialist in me agrees with the proposals. Tax should be fair, so I support the bill.

The proposals will help to clamp down on tax avoidance by replacing the current rates of stamp duty land tax. In addition, the current anti-avoidance provisions are complex and difficult to understand, but those will be replaced with a general anti-avoidance or anti-abuse rule.

I welcome the proposals made by the Government and we have seen cross-party support for the bill in the debate. From the quotes that I have seen, nearly everyone supports the proposals and the implementation of the bill. I certainly do.

15:56

Neil Findlay (Lothian) (Lab): I welcome the debate for a variety of reasons. Land and buildings transaction tax generally appears to be a good thing—it moves us in the right direction. As members have said, it should be more responsive to the Scottish housing market.

I am pleased to see that the system will be much more progressive than the stamp duty system that it replaces. It should always be that those with more pay more, and the land and buildings transaction tax sets a good example for

the Scottish Government to follow in determining not only that tax but all others. Labour supports the principle of progressive taxation throughout the tax system. Again, that is a good thing.

As far as the bill is concerned, I support the proposal to curtail tax avoidance by ending the loopholes that have been extensively exploited by clever accountants and others. The proposed changes to the reliefs regime are therefore very welcome. Under the proposals, avoiding the tax will be much more difficult, and I commend the Scottish Government for introducing that element. That is the right way to go on this bill and, I hope, other bills, too.

We need to ensure that the revenues to pay for public services are collected efficiently. On that note, I hope that there will be further provisions in the forthcoming procurement bill to prevent companies that engage in systematic tax avoidance from winning contracts and securing Government grants.

I was heartened by John Mason's comments that tax is a good thing and that it should be progressive. I certainly hope that he will use the outstanding influence that I know that he has in his party to convince the Cabinet Secretary for Finance, Employment and Sustainable Growth that his party's corporation tax policy is exactly the opposite of that.

It is vital that the revenue from tax meets the shortfall that will arise as a result of the adjustment to the block grant, as Malcolm Chisholm eloquently explained. I understand that Mr Swinney's approach is to promote a position whereby any reduction in the grant would be calculated on the basis of a five-year average. I do not know whether the Treasury will agree to that, but I am sure that that is something for his negotiating team. However, it is vital that, at the very worst, a neutral settlement is the result, because we cannot afford to lose any money from a public services pot that is already under intense pressure.

The bill is a lesson to us. As members have mentioned, it comes as the first of three bills, the two others being on landfill tax and tax management. The bills come as a direct consequence of the Scotland Act 2012, which is an act that shows how devolution has developed and grown in the interests of our people. It shows how, since 1999, devolution has been not a static settlement but one that is adaptable and able to develop over time to deliver Scottish solutions that best meet our needs. It also shows how progressive policies can develop within the framework of devolution, and that imagination and political will are much more important and effective than standing on the sidelines repeatedly stamping your feet and saying that only

independence can deliver change. The bill shoots that fox. It highlights how we do not need independence and all the unknowns and vagaries that come with it and shows how we can develop our own solutions while retaining our link to our brothers and sisters in the rest of the United Kingdom. Perhaps that will encourage the Scottish Government to put more of its energies into using the powers that we have and the ones that we will soon have before squealing about the ones that we do not.

John Mason: The member mentioned corporation tax. Would he not like us to have control of that?

Neil Findlay: I most certainly would not like Mr Mason's party to have powers over corporation tax. Absolutely not.

Finally, Presiding Officer—[*Interruption.*]

The Deputy Presiding Officer: Order.

Neil Findlay: Mr Mason set himself up for that one.

The bill has emerged from the Scotland Act 2012, which, in turn, arose as a result of the Calman commission. That commission was proposed by Labour and supported by some of the other parties in the Parliament but, unfortunately, not the Scottish National Party. That follows a familiar pattern that we can trace back through the history of devolution: Labour proposes the significant transfer and decentralisation of powers only for the nationalists to rubbish it, refuse to take part in any discussions on it, deride it as a useless waste of time and then—lo and behold—when all the hard graft is done, jump on the bandwagon and claim that it is a progressive step that they fully support.

Jamie Hepburn: Will Neil Findlay give way?

Neil Findlay: Not at the moment.

The nationalists did that with the Scottish Constitutional Convention and they are doing it now.

I support the introduction of the land and buildings transaction tax. It strengthens devolution and reforms land transactions positively and progressively. I urge all parties to support it—even the repentant sinners who opposed the Calman commission and the Scotland Act 2012.

16:01

Mike MacKenzie (Highlands and Islands) (SNP): Although I am not a member of the Finance Committee, I relish the opportunity of speaking in this important debate. Some of our colleagues—none of those who are in the chamber—have suggested that it is a somewhat

technical and dry subject. On the contrary, it is interesting and profound.

I congratulate the Finance Committee on producing an excellent report. It is concise and readable but covers all the important points. Most important, it is accessible to someone who, like me, did not sit through all the committee's deliberations.

Although I welcome further powers coming to the Parliament, I am not a huge fan of the Scotland Act 2012, largely because it was a missed opportunity to do much more. However, the important point is that the Scottish Government and the Parliament have seized the opportunity to address the long-standing neglect of the problems presented by stamp duty—something that the Westminster Parliament failed to do.

That indicates to me the profound difference between the two Parliaments. One is old and slow moving; ours is agile and able and can quickly respond to new opportunities. That is one of its many understated assets.

However, speed is not everything. That brings me back to the bill and the committee's report, in which it is obvious that quality has not been sacrificed in the process of scrutiny.

A further point that strikes me is how positively the prospect of change has been embraced by those involved in the property sector. All the responses to the committee seem to be positive. Even almost, but not quite, all the responses in the chamber seem to be positive. There is a tangible sense of relish, excitement and positive possibility in the responses that augurs well for the future of Scotland and suggests a widespread appetite for many more powers to come to the Parliament.

I suggest that members should contemplate the power of that effect writ large throughout Scotland as we collectively address the opportunities of independence. I suggest that that effect will bring a boost to the commonwealth and our economy. It will bring what we might call an independence bounce.

The approach to the bill signifies a further profound difference between this Parliament and Westminster as we take the opportunity to make the tax fairer and simpler while, at the same time, taking care to avoid distorting the market or having a perverse and detrimental economic effect. That is the essence of good policy, as is amply demonstrated in the approach to the bill, which has the principles of social justice and progressive taxation at its heart.

That is a fairly profound point, I think, which was missed by some of the people who made representations to the committee. Progressive

taxation arrangements that are fair and simple limit the desire and opportunity for tax avoidance. If we overburden the bill with complexity, we will increase the likelihood of unintended consequences and we might generate opportunities for creative and unprincipled avoidance schemes.

Some points about the bill were well made. For example, I sympathise with people who are concerned about sub-sale relief, in some instances, particularly at a time when banks are reluctant to finance property development. I welcome the cabinet secretary's commitment to consider relief in respect of forward-funding schemes. I also sympathise with people who seek to improve the energy efficiency of the housing stock. They are perfectly correct to do so. However, the bill is not the vehicle through which to achieve that aim.

My main concern is the OBR's unbridled optimism in its forecasts on stamp duty receipts over the next six years, which I contrast with its supreme and widely discredited pessimism about oil receipts over a similar period. Either the OBR is on another planet or it is merely the political puppet of the Westminster coalition, which is no doubt taking a hollow negotiating position as it seeks to reduce the block grant beyond what is reasonable. I have every faith that common sense will prevail and that such posturing will soon be punctured.

I am glad to welcome the opportunities that the bill presents and I commend the approach of the Scottish Government and of the Finance Committee.

The Deputy Presiding Officer: We have a small amount of time in hand for interventions, if members want to take them.

16:07

Jean Urquhart (Highlands and Islands) (Ind): I am a member of the Finance Committee, so I have had the opportunity to take part in the evidence sessions on the bill. Two things struck me: the brokenness of stamp duty land tax as a method of taxation, and the fantastic opportunity that Scotland has to begin to recalibrate its taxation system for the public good.

The Institute for Fiscal Studies' description of stamp duty land tax as

"a strong contender for the UK's worst-designed tax"

is appropriate. SDLT's slab structure discourages sales of residential properties at prices immediately above the threshold, which distorts the market, adding to the angst that is suffered by people who are attempting to buy or sell a home. It is madness that the sale of a house for £125,000

will result in no tax burden while the sale of a house for £1 more than that results in a £1,250 bill. There would be a public scandal if personal income were taxed in such a way; why has it been deemed appropriate for house sales to operate in such a way?

The proposed move from stamp duty's slab structure to a progressive structure under LBTT is welcome, particularly in the current housing climate. The unsustainable housing bubble already presents enough challenges to men, women and families throughout Scotland who seek affordable housing, and I am glad that we are removing some of those challenges by making commonsense reforms where we can do.

A major problem with the SDLT regime is the amount of money that is lost through tax avoidance schemes. I hope that the removal of sub-sale relief, which has frequently been identified as a facilitator of tax avoidance, will work in tandem with the Government's other anti-avoidance measures to help to increase the tax take and ensure that everyone pays their fair share.

The proposal to exempt rural housing bodies from LBTT will greatly benefit my constituents. As I have said in the Parliament, any step that we can take to promote the building of affordable housing should be considered. I hope that the approach will encourage more such housing to be built.

Although many elements of the bill are to be considered further at stage 2, and the taxation bands, collection arrangements and block grant adjustments will require further scrutiny in the months and years to come, I think that I speak for the whole committee when I say that we are encouraged by the considered, deliberative and open approach being taken by the Government. Although I am aware that the cabinet secretary is not inclined to support relief for zero-carbon homes, I am aware that a proposal for a fiscally neutral energy efficiency modifier has emerged since oral evidence was given by energy organisations in February. In reference to Alison McInnes's comments, I am pleased that the committee convener is amenable to looking at that again, because I think that it would represent further progress on progressive taxation.

I confess that in considering the bill I was mindful of the suggestions made in Professor Mirrlees's review, which were echoed by Andy Wightman in his submission to the consultation on what sort of taxation regime we should have for property. I certainly have sympathy with Mr Wightman's suggestion for a radical overhaul of the way in which we think about land and property, but I am also aware that the Scotland Act 2012 allows only for any replacement of SDLT to be a tax on transactions. Therefore, although I would

be inclined to support some sort of land value tax, I appreciate that we cannot allow the perfect to be the enemy of the good on this occasion and that the land and buildings transactions tax provides a solid move towards a more equitable system.

I note that this is the first of three pieces of legislation emanating from the Scotland Act 2012 that will begin to increase this Parliament's powers. I look forward to the day when this Parliament has the full and normal powers of any nation's Parliament and is able to bring about the substantive changes in our economy and society that we desperately need. I support the bill.

16:12

Stewart Stevenson (Banffshire and Buchan Coast) (SNP): I rise as yet another non-member of the Finance Committee.

This is quite a complex bill. One way of deciding that it is complex is to look at it and realise that approximately three quarters of the pages in it form the schedules. My suspicion is always that if a Government wants to hide something, it puts it in the schedules, not in the bill.

I will give an example of that from schedule 5 to the Scotland Act 1998, which I looked at earlier today. I refer to part II, head B3, section B3, which is about elections. I discovered today that we have the power in this Parliament to hold and run elections for members of the House of Lords, because the only things that are excluded from our powers in that regard are elections to the House of Commons, the European Parliament and this Parliament. That is why we can organise local authority elections and, by implication, elections to the House of Lords. It is unlikely that those elected could take their seat, but that is another matter. If one wants to hide difficult things, sometimes the schedules are the place to do so.

Perhaps Neil Findlay and I will introduce a member's bill to organise elections to the House of Lords, or perhaps we will not bother. I see that Neil Findlay has woken up.

Neil Findlay: If we did that, what would Lord Stevenson's official title be?

Stewart Stevenson: Well, there have been two Lord Stevensons already. The one of Coddendam, whom we no longer talk about, was the chair of HBOS and the other is a distant relative of mine, whom I will pass over as well.

I congratulate the Government on bringing forward this complex but comprehensive piece of legislation, which is clearly receiving a consensus of support. I congratulate parliamentary colleagues of all parties on a committee report that I can describe only as pellucid in its delineation of the issues. It is a good, rattling read and covers the

issues extremely well. I want to cover one or two of them in the time available.

First, on subordinate legislation, I am a member of the Subordinate Legislation Committee and the Government has a very good record of responding to what that committee says. I am encouraged that we will be looking seriously at whether the procedures for a number of the powers in the bill should be negative or affirmative.

On the matter of sub-sale, I may not have caught the full nuances of the discussions, given that I have not been sitting in the committee, but I think that there is a case for a taxation regime that has concurrent sales: sales of the big bit and then dispersal to smaller bits. As long as the tax revenue is derived from the big sales rather than the small ones and is therefore protected, we should ensure that we do not exclude the possibility of such sub-sales. We do not want them to be inhibited by an inappropriate tax regime.

Avoidance generally is something that troubles me. If a company owns property and shares in the company are traded, the risk is that that falls outside the taxation provisions. Company law is essentially reserved. That issue has a more general application, in that much property and land is owned beyond the boundaries of Scotland. The situation in Denmark is apposite, where one cannot own property or land unless there is a local representative. That is not to inhibit ultimate beneficial ownership being outside Denmark; however, there is always an accountable person who discharges ownership responsibilities within the boundaries of that state. I have thought for some time that we should look at that issue.

Jamie Hepburn: Given that that is the situation in Denmark, does the member not consider as somewhat ludicrous the suggestion posited by some organisations that the requirement that charities forth of Scotland register here is an onerous one?

Stewart Stevenson: I have not read the data. However, that was certainly my initial reaction. I am confident that the committee will deal with the issue. Of course, it is possible for charities registered elsewhere to represent themselves as being charities in Scotland even though they are not registered in Scotland, so I think that there are wider considerations of which to take account.

The bottom line is that tax avoidance is always a big issue in any taxation system. I look forward to the tax management bill and I hope that when looking at tax avoidance we are able to legislate. That is why I was looking at schedule 5 to the 1998 act, to see whether tax avoidance would be prevented. The test will be the intention rather than the application of rules, which can always be got round. I await what happens with interest.

The work of Registers of Scotland has an important application to the implementation of the bill. I first crossed its threshold in about 1962 in my pursuit of family research. Fifty years later, we have world-beating computer systems that give access to the real records, which practically no other jurisdiction in the world has. With the right incentives and the right application, the work can be done. The Government has the potential to do that, just as Registers of Scotland has done.

On the process for the bill thus far, the work of the Government and the committee demonstrates that there are as yet untapped competences and abilities in this place. I hope in the future to see those abilities applied more widely, not only to taxation issues but, more fundamentally, to the whole range of powers with which a normal independent country would grapple. We have the skills; we now need the opportunity.

16:19

Jayne Baxter (Mid Scotland and Fife) (Lab): I welcome the opportunity to speak in today's debate. I am not on the Finance Committee and am speaking rather far down the queue, so I hope that I can find some new things to say. Forgive me if I cover ground that has already been covered.

The proposals before us have been broadly welcomed across the chamber as an opportunity to move towards a more progressive system of taxation that is better suited to the needs of the Scottish market. A number of the submissions to the Finance Committee's consideration of the land and buildings transaction tax proposals highlighted the inefficiencies of the existing slab structure of stamp duty.

The significance of the proposed change to a more progressive system as an example that shows that devolution can and does work is not to be underestimated. Not only that, but the proposed changes to the tax structure will have an obvious and immediate impact on home buyers.

The attempts to reduce some of the complexities of the tax reliefs that are available under existing stamp duty are also to be welcomed, as are the specific measures to attempt to minimise tax avoidance.

For the past five years, there has been a time-limited zero-carbon homes relief, which was originally introduced to increase public awareness of the benefits of reduced emissions and to stimulate the market for zero-carbon homes. Given that there appears to be little evidence to suggest that the relief has been successful in achieving its intended objectives, the Scottish Government has indicated that it does not intend to make the zero-carbon homes relief available under the proposed land and buildings transaction

tax. I note the cabinet secretary's earlier comments on the matter.

Members will be aware that the chamber recently considered the proposals to meet the emissions reduction targets that the Scottish Government put forward in the report on proposals and policies 2. Although I recognise that the zero-carbon homes relief was not considered to have achieved its objectives, one of the criticisms of RPP2 was the silo nature of many of the proposals and the lack of coherence in the overall strategy for emissions reductions. I hope, therefore, that the Scottish Government, in indicating that it is willing to consider possible alternatives to zero-carbon homes relief, will also consider suggestions in other policy areas—not just in relation to property taxation.

There is appetite in some quarters for some regulatory proposals to encourage energy efficiency. The Scottish Building Federation has indicated that it would welcome a tax relief related to energy efficiency. As an alternative, it has suggested tax relief for energy performance certificates. The other major change in the property market in recent years is the introduction of home reports, which currently require energy efficiency ratings as part of the package, so I hope that the Scottish Government will consider those points when it undertakes any review of the home report system in future.

As with the RPP2 debate, although regulatory measures to ensure that we meet our emissions targets are necessary, they must go hand in hand with behavioural change. It is worth quoting the Convention of Scottish Local Authorities on that point. In its evidence to the Finance Committee, COSLA stated:

"At present the housing market does not currently attach any additional value to homes with higher standards of energy efficiency. The climate change targets are dependent on not only behavioural change, but a culture shift amongst buyers to value energy efficient properties."

It is not just the type of properties, energy efficient or not, that have been considered as part of the proposals in the Land and Buildings Transaction Tax (Scotland) Bill, but the availability of properties. The housing shortage in Scotland and the question marks over our capacity to meet the long-term demand for social housing, especially in rural areas, mean that I am supportive of another of the proposed changes—the extension of access to relief for local authorities that are purchasing land or property through a compulsory purchase order.

Recently, I lodged a number of parliamentary questions on the powers that are available to local authorities to deal with dilapidated buildings. We have a real problem in many communities across Scotland with run-down commercial buildings and

empty homes. The extension of compulsory purchase order relief for local authorities to enable the purchase of empty homes is therefore to be welcomed.

On meeting the challenge of affordable rural homes, other evidence to the Finance Committee highlighted the need for rural housing bodies to be relieved from paying land and buildings transaction tax on land or properties with a rural housing burden, or on which a rural housing burden will be created. However, the Carnegie UK Trust has raised concerns that

“smaller, community led Rural Housing Bodies (which may not have gained charitable status), may find themselves liable for the tax, as they fall out with the list of current reliefs.”

As one of the specific objectives of rural housing bodies is to meet affordable housing needs in rural areas, I would be concerned if measures remained in place that could create a barrier to the development of such housing. I hope that that worry can be reviewed and resolved.

Ensuring that we have affordable, accessible housing should be one of the priorities of any Government and I welcome any steps that we can take through this legislation to create a fairer, more progressive tax system and to meet the housing needs of the people of Scotland.

16:24

Marco Biagi (Edinburgh Central) (SNP): I am glad that we are debating the bill. Like many of the recent speakers, I am not a member of the Finance Committee, but I am a member of the Economy, Energy and Tourism Committee, so I have always had half an eye on the bill.

I have to say that my cross-party consensus antennae started tingling very early in the debate. That is often a good sign, but less so when you are speaking last and hoping to find a lot of points in Opposition members' speeches with which to disagree.

Ken Macintosh's opening comments in favour of devolution eloquently reminded me of why I support independence, as he focused so well on how responsibly and maturely we have handled the debate on LBTT and constructed the tax. The ability of Scotland's Parliament today to use wisely the part responsibility that we have can provide us with confidence that we could very well bear the whole responsibility further down the line.

Indeed, we have in the Scottish Parliament already adjusted those tax powers that are under our control. We have adjusted the council tax through the freeze and other smaller measures, and the same is true for business rates. To the Labour Party's credit, it was not afraid when it was

in office to adjust business rates from those that had been set in Westminster—although, of course, the SNP Government has since adjusted them once more.

It is a sign of success and maturity that we have such a consensus. In the political dictionary, next to “Scottish solutions for Scottish problems” we will simply see this debate.

However, I have two questions. First, how has SDLT continued in its current form for so long? The slabbing effect has been roundly and repeatedly criticised from every side—there is no one defending it. As we have heard, the IFS said in February 2013:

“SDLT is a contender for the UK's worst-designed tax.”

It could be called slabbed or tiered, but I prefer to think of it as lumpy, like a badly stirred custard. A house can sell for £249,999, and someone pays £2,500; but if it sells for £1 more, they pay £7,500. The new structure might be complicated to explain if we were introducing it in a vacuum, but since it resembles the system of income tax with which most of us are familiar, that does not present a problem.

In the hypothetical scenario that we have heard about, the amount of £185,000 functions simply like a personal allowance, with charges being levied on value beyond that. The system has the benefit of being not only fairer, but simple to understand. That is a win-win that is not often found in any field of government, let alone in tax.

Even in Edinburgh, the average house price stands only slightly above the hypothetical £185,000, and for such a property the bill would drop two thirds in that scenario. According to the ESPC, 81 per cent or more of three-bedroom and four-bedroom properties would have lower bills, and that is in Edinburgh, which is one of the warmest property markets in Scotland.

It is a mistake to fixate on the rates. Stamp duty rates, as with all taxes, can vary and have varied, up to and including on budget days. Today's debate is on the general principles of the bill at stage 1, and we must not hang things on a frame before the structure is in place.

Economic efficiency is a worthy principle, and since the objective of the change is to ensure revenue neutrality—to which John Mason alluded—it is only closer to the time, when we are able to examine the evidence on which the calculations can be based, that we will be able to get a finalised rate. Anyone who is looking will be able to estimate within a broad range of parameters what the liabilities are likely to be.

Having considered all the issues, why has it taken so long to address them? The answer is

simply that we now have a Government and a Parliament that can respond more efficiently.

My second question has been addressed from various quarters. When so many members have supported energy efficiency measures in the bill, why is the market so resistant? The zero-carbon homes relief that was created in the last budget of the Blair regime in 2007 is one of those things that sounds good in a think-tank paper but did not work once it was released into the wild.

The Scottish Building Federation talks about relief for new-build properties, but we already have the lever of building standards. The UK Green Building Council alternative is interesting, but I do not think that it could be applied in practice.

It is not straightforward for residents of tenements to improve their energy efficiency—a particular constituency interest of mine—because co-operation is needed, and the technologies carry substantial up-front costs. Even if such properties came within the LBTT threshold—if it was £185,000—they would be at the lower end, and the relief would almost certainly be insufficient to deal with anything but the most perfunctory or minimal energy efficiency work. So, although there is clearly a good intention there, it is not enough to achieve a material effect. Further, I do not think that it would be understood enough by potential buyers to achieve the desired nudge for behavioural change. All of that is a shame, because we really need an innovative mechanism.

Even the widespread distribution of energy performance certificates and their publication, and rising gas and electricity bills, have all somehow remained external to buyers' decision making. We need to find a way to address that, because it is a distortion of a properly functioning marketplace. Although the end of getting people to take more notice of energy efficiency in transactions is correct, the means that has been proposed is not, so an alternative one will need to be found.

The bill shows what Scotland can do and, as many of my colleagues have said, our potential for future responsibilities. If health, why not pensions? If schools, why not benefits? If LBTT, why not all the other taxes as well?

The Deputy Presiding Officer: We now move to closing speeches. I am just checking that all members who have participated in the debate are here; as we know, they should all be in the chamber for closing speeches.

There is more than enough time in hand to compensate the closing speakers if they wish to take interventions, but of course that is entirely up to those members. I call Gavin Brown, who has seven minutes.

16:31

Gavin Brown: It has been a useful, informative and interesting debate, but I want to reflect mainly on two key issues in my closing remarks, which are the two key issues of contention from the Scottish Conservative Party point of view. I reiterate my earlier point that we will support the bill at 5 o'clock today and that we approve of much that is in it, but I want to focus on the issues of contention, which I hope the cabinet secretary will address in his closing remarks or later in writing.

The first issue relates to the timing of the announcements of bands and rates, which I think goes to the heart of the new tax. Witness after witness stressed to the committee just how important it is that we have advance warning of what the rates are likely to be in the commercial sector. Malcolm Chisholm rightly made the point that the committee made, which is that there is a distinction between the evidence given by the residential and commercial sectors in that regard. However, the commercial sector's evidence was strongly worded, expressing effectively that the rates should be advertised well in advance and that it should be done before September 2014 in every case and even much earlier in some cases.

Some points were made in opposition to that view. For example, John Mason said that the fact that the intention is to be revenue neutral gives an indication of what the rates are likely to be. I would take issue with that point quite strongly. The fact that the intention is to be revenue neutral overall gives us absolutely no idea what the rates are likely to be for residential or commercial property.

Stewart Stevenson: Will the member take an intervention?

Gavin Brown: I will take it in just a second.

If a project group, for example, puts together a bid to build any kind of building project, what should it put in the space in the documentation where the tax rate is supposed to go? When it has to work out the costs of the project to analyse whether it ought to go ahead, that space will have to be left blank if it does not know the rate. In my view, the fact that the tax is to be revenue neutral overall gives us almost no idea of what the rate is likely to be.

Stewart Stevenson: I return to the point that I made in my previous intervention about the immediate effect of a change made to stamp duty. I amplify that by pointing out that the change in question came into effect four hours before the chancellor got to his feet in the House of Commons to announce it.

There have been examples of where the property market has not collapsed because things have been done in a short timescale. I view with

considerable scepticism some of the demands that there should be an announcement to ensure a long lead-in for a fiscal measure of the kind that we are discussing. It is very uncommon in UK terms for any fiscal announcement to have such a long lead-in.

Gavin Brown: The issue was discussed at length in committee and that point was indeed made. I was going to come to Mr Stevenson's point anyway, but he has brought it slightly forward. The difference is that we are discussing an entirely new tax and an entirely new framework. As was said to the committee, the absence of any indication of likely future rates creates an additional layer of uncertainty.

Although it is open to any Chancellor of the Exchequer to change tax rates at short notice in a budget—which, as Mr Stevenson said, happened in March 2012—LBTT is an entirely new tax and we do not know the full framework. Indeed, we do not know any of the rates or bandings. That makes it different from simply putting up one of the rates or changing one of the bandings. As the Scottish Property Federation said, with a different structure, which is what we have in the bill, there is an understanding that a more radical rate change might be introduced. That is the distinction between the example that Mr Stevenson gave and what we are discussing today.

I reiterate that I invite the Government to reconsider its approach, particularly in relation to commercial transactions, and I ask for its decision to reflect the evidence that was given to the Finance Committee. If it is not going to do that, it should at least be candid and say that it is rejecting or ignoring the evidence that was given instead of attempting to pretend that the evidence was mixed. The evidence on commercial transactions was not mixed; it was absolutely clear.

I return to sub-sale relief. As I said earlier, I am encouraged that the cabinet secretary has genuinely listened on forward funding. There is no mention of it in the bill, but it is clear that he has listened to industry and will lodge an amendment on it at stage 2.

I invite the cabinet secretary also to listen more closely on areas of sub-sale relief that are not forward funding. Malcolm Chisholm mentioned that issue. In my view, in the space between what might be thought to be illegitimate tax avoidance measures and forward funding, there are areas of commercial transactions that most people would deem to be legitimate and which are important to our economy, particularly as there is reduced bank lending—a point that Mike MacKenzie ably made.

There are examples of other schemes that will, I think, qualify if people take an objective view, and I

invite the cabinet secretary to continue to listen to industry so that we can get things right instead of just having wholesale abolition of sub-sale relief. For example, there might be an effect on existing part-exchange schemes, as the Scottish Building Federation said. Scottish Land & Estates gave various rural examples, including the one that was mentioned by John Mason, who talked about the example of a farm. I think he said that, in his view, that was a fair example of where sub-sale relief ought to be given.

We have to get the right balance between, on the one hand, tackling tax avoidance and, on the other, being competitive and doing everything we can to help the Scottish economy. In some ways, the bill does that well, but in the couple of areas that I have mentioned the balance has tipped too far away from being competitive. There are areas that we can improve at stages 2 and 3. The real priority is to make the Scottish economy as competitive as it can be so that we are not put at a disadvantage.

The Deputy Presiding Officer: I call Rhoda Grant. I can give you up to nine minutes.

16:38

Rhoda Grant (Highlands and Islands) (Lab): Thank you, Presiding Officer. This has been a more interesting debate than I might have first thought when I saw it in the *Business Bulletin*, so I almost welcome the nine minutes that I have been given, which is significantly more than I thought I would be filling.

We in the Scottish Labour Party welcome the Land and Buildings Transaction Tax (Scotland) Bill. It is an example of devolution working as it is allowing the Scottish Government to design and levy a tax to suit the needs of Scotland. It must be responsive to needs, but it must also provide us with revenue to build our public services.

Malcolm Chisholm spoke very thoughtfully about the block grant. There will have to be a reduction in the block grant because of the devolution of this power, and today the cabinet secretary has confirmed that there will be a one-off reduction. He proposes that it should be based on a five-year average of stamp duty land tax receipts and that that average should be based on actual receipts rather than the forecast because of those receipts' volatility.

We know that income generated by the tax fluctuates from year to year. For example, in 2007-08 we raised £565 million in Scotland, but in 2011-12 that fell to £275 million. That is a huge fluctuation, so it is really important to know which years will be used for that average. A recovering economy will obviously mean that there will be more revenue, but that would be true for the rest

of the UK as well, so we need to devise an amount that is fair and is seen to be fair by ourselves and the rest of the UK. A great deal of thought needs to go into that.

Marco Biagi: The OBR predicts a rate of growth that would take us back to the status quo in cash terms by 2017-18. Is that prediction perhaps a bit implausible?

Rhoda Grant: Anything that involves looking into the future makes things very difficult to second-guess, as we have seen with a lot of predictions, including the Government's own predictions on oil and gas—I think that that was the trap that Marco Biagi tried to set for me. It is very important to look at what we get in reality, and we need to have view to the future because, if the economy falls further, a rate that is set too high will damage us. I am asking for more thought to go into the issue.

Jamie Hepburn: Will the member give way?

Rhoda Grant: Can I make a little progress, please? I have nine minutes, but I see that I am already through three of them and I have not said an awful lot.

A number of members spoke about zero-carbon homes relief. I appreciate that the cabinet secretary is looking further at the issue. Less taxation could mean that greater value is placed on energy efficient homes. That would mean that people would have more money to spend, which could encourage sellers to invest in order to improve the value of their home through such a selling point.

Jayne Baxter said that we need to look across the board on carbon reduction and that we need a joined-up policy. We need to examine closely every opportunity to promote energy efficiency. Marco Biagi said that energy efficiency certificates will not be impacted. We need to look at some research on what things people take into account when they look at houses and consider their ability to buy them. We really need to impress on people that energy efficiency is extremely important. We need to look at new ideas that are coming into place. Mike MacKenzie said that energy efficiency incentives could be regressive, but they could be capped.

Mike MacKenzie: I want to reiterate that point. Given that Ken Macintosh seemed to indicate—

The Deputy Presiding Officer: Is your microphone on, Mr MacKenzie?

Mike MacKenzie: Sorry, Presiding Officer.

Ken Macintosh seemed to indicate that there was some merit in what I said and that it had given him pause for consideration. Rhoda Grant has had some time to consider what I said. Does she

accept that, because the tax is progressive, the kind of measure that she proposes would help the people further up the scale, who need it least, and not help the people who need it most: those down at the bottom of the scale?

Rhoda Grant: There is an issue in that those at the bottom of the scale probably will not pay any tax at all, so tax relief will not matter. We need to look at Government intervention for people at the bottom of the scale to allow them to afford energy efficiency measures, but energy efficiency incentives could work to change the mindset at the top of the scale. As I said, they could be capped at a certain level, but they might change people's minds so that they think that improving the carbon and energy efficiency of their homes is a good thing. If we can get that idea into people's mindset—which we have failed to do with energy efficiency certificates—it will be a step forward. Although I am not advocating a specific approach, I urge the cabinet secretary to look further at the issue and perhaps introduce new proposals on it at stage 2.

Jayne Baxter talked about reliefs for empty homes and compulsory purchase by councils. We need to look at how we can use the tax to make the best use of our resources—our buildings and land. Any move in that direction must be welcomed.

There is concern about charity relief and how we determine whether an organisation is a charity so that it can attract such relief. I note that Malcolm Chisholm mentioned that OSCR has concerns about what is proposed. I, too, have concerns about asking OSCR to be the linchpin because it has a quite different job. If we add to its regulatory authority the ability to determine when and when not to levy a tax, that might skew not just its function but the function of any reliefs that are put in place.

We need to give the issue some thought. Everyone is keen that charities should receive reliefs, but how we ensure that that happens is important. We must be extremely careful that what is put in place does not impact on charitable funding, because charities are all struggling at the moment. We must ensure that anything that we do in the bill does not impact on their funding and mean that they have less money to spend.

Many members have talked about sub-sale relief. I understand the reason for removing it, which is to prevent tax avoidance. That is welcome—indeed, many of the steps in the bill to deal with avoidance are welcome—but I welcome the fact that further discussions are to take place on the issue to ensure that there are no unintended consequences. At a time when our economy is pretty slow, we must ensure that we

do not do anything that impacts on our economy's ability to recover.

As members across the chamber have done, I welcome the commitment to progressive scales. Many members have talked about the slab approach to the levying of tax that was adopted under SDLT. I had heard it described in many ways, but "as lumpy as a badly stirred custard" is the description that I will probably remember of a tax that has been seen to do nothing very well. I welcome the fact that people who buy properties of lower value will not have to pay the tax.

Mention has been made of the tension between knowing what the taxation rate will be and the ability to evade tax. Michael McMahon, among others, made a plea for early notification, but whether that happens will depend on the bill's ability to prevent tax avoidance. If the bill is not good at preventing tax avoidance, tax avoidance will eventually take place. We must put in place a solution. If we have a bill that prevents avoidance and minimises the cost of administration, we will have a bill that will deliver more taxation revenue for our services.

I notice that I am running out of time, which I should not be. The bill is about devolution and moving decisions closer to the people who are affected by them, and it will allow the Parliament to take local priorities into account. We welcome the bill and its devolving of that power.

16:48

John Swinney: I think that I quote Mr McMahon and Mr Chisholm—and perhaps even Mr Findlay—correctly when I say that today is a historic occasion, in that it is the first time that the Parliament has considered the application of legislation on particular tax responsibilities. As the finance minister in the Parliament, it gives me a great deal of satisfaction that the Parliament is now wrestling not just with how we spend money, but with how we raise it and, in so doing, how we exercise the necessary responsibility.

Before I deal with some of the issues of contention, I want to refer to one of the points that Mark McDonald made, which was about the decisions that we took about the administration of the land and buildings transaction tax, and the approach of undertaking that through Registers of Scotland under the umbrella of revenue Scotland. Mr McDonald made the very fair point that, if we had decided to implement a scheme to replace stamp duty land tax using HMRC as the collection organisation, the likelihood—albeit not the certainty—is that we would have had to develop a tax very similar in character to stamp duty land tax.

One interesting aspect of the debate—Mr McDonald's point highlights this point significantly—is the fact that Parliament clearly has an appetite to do something different. The contents of the Land and Buildings Transaction Tax (Scotland) Bill—again, to my satisfaction—have attracted wide political support from across the spectrum, which I welcome. I point out that, had we not taken the steps to undertake the administrative approaches that we have, under the umbrella of revenue Scotland, we would perhaps not have been able to fulfil the aspiration of Parliament to do things differently from the way in which stamp duty land tax legislation was put together. That illustrates our desire to pursue a different and distinctive agenda here in Scotland on issues that matter to us. We have had the power devolved to us, and we have come to a different conclusion. The administration arrangements that we have put in place support that approach into the bargain.

I will talk about three particular issues that have been raised in the debate by a number of colleagues. First, I will comment on the issue of the timing of announcements. I thought that, in a debate that has been heavily weighted towards consensus, Mr McMahon was a little bit unkind to me in suggesting that, somehow, I was the only person who had thought that a range of different views had been expressed among the evidence that was presented to the Finance Committee.

Paragraph 16 of the committee's stage 1 report says:

"The Committee recognises that there was a range of views among witnesses regarding the timing of the publication of the proposed LBTT rates and bands but notes that the emphasis on the desirability of advance notice relates especially to commercial property."

I do not think that I was selectively making up the evidence as I was going through the report. The point is made by the committee.

Michael McMahon: Does the cabinet secretary recognise that the range stretched from him on one side to everyone else on the other?

John Swinney: No, because of what the committee report says on the preceding page, at paragraph 14, which quotes what a witness from the Edinburgh Solicitors Property Centre said—and I have no vested interest in the ESPC. The witness stated:

"once the decision has been communicated to the public we will want to move as swiftly as possible to implementation."—[*Official Report, Finance Committee*, 6 February 2013; c 2212.]

That is the view from one of the people who gave evidence, and it was not me.

Gavin Brown: Will the cabinet secretary give way?

John Swinney: I am simply saying that, as the committee report records, there is

“a range of views among witnesses”.

I give way to Mr Brown in the hope of cheering him up, perhaps, with my response.

Gavin Brown: The cabinet secretary will of course know that the ESPC was talking about residential property, not commercial property. He will of course know that, throughout the debate, a distinction has been drawn between residential and commercial property. Can he point to any witnesses, apart from himself, who thought that the provisions should be applied to commercial property after September 2014, as opposed to considerably before that?

John Swinney: I do not quite see what Mr Brown is getting himself all worked up about. I read out the paragraph of the committee report that clearly makes a distinction between commercial property and residential property. I acknowledge the difference of view within the evidence base. I will reflect on the matter and determine whether I need to take any other steps to establish a wider consensus around the matter.

I move on to the second issue, which is sub-sale relief. There is pretty broad agreement that the decisions that the Government has taken on sub-sale relief have been the correct ones. There is space, however, to consider further—to express it in the way that Mr Chisholm did—the distance between avoidance mechanisms and forward funding arrangements. That is the area that I will be exploring.

I was a little bit concerned about the impression that Mr Brown created in his summing-up speech that I was perhaps going beyond that with a commitment that I would legislate for forward funding. I am going to explore that space. I am not yet certain that I can bring to Parliament a proposition that will deliver the necessary constraints on avoidance but make the provision for forward funding.

I am talking to a range of stakeholders, including institutional investors, to try to assist us in coming to a conclusion on that. I agree with Mr Brown that a balance must be struck between tax avoidance and competitiveness, and we must strike that balance in the right fashion in order to maintain competitiveness. The Government’s record in office shows that that is clearly one of our aspirations.

The third issue on which I will comment is block grant adjustment. Mr Chisholm, Jayne Baxter and others highlighted the desirability of the block grant adjustment being undertaken as a consequence of a five-year average of the actual numbers that have been incurred in advance of

2015. That position was also advanced by Jamie Hepburn.

Between 2007-08 and 2011-12, the receipts from stamp duty land tax have varied from a low of £250 million to a high of £565 million. The forward projections of the OBR, as of the March 2013 budget, range from an estimated £348 million in 2013-14 to £509 million in 2017-18. I point out to Parliament that there have been three iterations of the estimated numbers by the OBR of stamp duty land tax in Scotland. Over the duration of those three estimates—which were made in March 2012, December 2012 and March 2013, over the course of one calendar year—there has been a reduction in the estimates for 2016-17 of 15 per cent. That is a significant variation. It is therefore important that, when we come to agree the block grant adjustment mechanism, we do that on the basis that I have suggested to the committee is the appropriate mechanism, which is to take an average of five years of actual receipts under stamp duty land tax in advance of the application of LBTT in April 2015.

My final point concerns the historic occasion that we have witnessed today of the Parliament taking decisions to legislate for taxation. Marco Biagi and John Mason gave strong speeches in which they made the point that, today, Parliament—with the support of Labour, the Conservatives, the Liberal Democrats and our other colleagues—is embracing the desire to take a different course with regard to this particular tax. We are doing that because we think that it is right and is in the interests of the people whom we represent. Marco Biagi and John Mason also made the point that, if we do that on the land and buildings transaction tax, there is no earthly reason why we should not do it with regard to a range of other responsibilities on which we could take decisions that suit the needs and interests of the people of Scotland but which are currently not within our remit. Mr Biagi posed the question: why has stamp duty remained as it is for so long? It is because we have not had the opportunity to design a system that is in the interests of the people of Scotland and meets their needs.

The way in which Parliament has gone about the scrutiny and consideration of this bill is something of which we should all be proud, across the political spectrum. Mr Stevenson said that today demonstrates that the Parliament has as yet untapped competence and talent to resolve issues of taxation responsibilities. That is an important signal that there is much more that we could do to exercise wider responsibilities, because the capability, the talent, the capacity for scrutiny and the capacity to design solutions that are in the interests of the people of Scotland lie in this Parliament. We should move forward with that aspiration as we look to take more powers as part

of the completion of our constitutional journey and the successful outcome of the referendum in 2014, when the Parliament will be able to complete its powers and exercise the full range of responsibilities in the interests of the people whom we have the privilege to represent.

Decision Time

17:00

The Deputy Presiding Officer (Elaine Smith):

There is one question to be put as a result of today's business. The question is, that motion S4M-06294, in the name of John Swinney, on the Land and Buildings Transaction Tax (Scotland) Bill, be agreed to.

Motion agreed to,

That the Parliament agrees to the general principles of the Land and Buildings Transaction Tax (Scotland) Bill.

Meeting closed at 17:00.

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