



The Scottish Parliament
Pàrlamaid na h-Alba

Official Report

MEETING OF THE PARLIAMENT

Tuesday 19 August 2014

Session 4

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Scottish Parliament

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

Time for Reflection

The Presiding Officer (Tricia Marwick): Good afternoon. The first item of business is time for reflection. Our time for reflection leader today is Mr Chris Thomson, the regional manager of Samaritan's Purse.

Chris Thomson (Samaritan's Purse): Presiding Officer and members of the Scottish Parliament, grace and peace to you from our Lord Jesus Christ.

This year has been a very exciting year for all of us in Scotland. I take the opportunity to thank you for all your efforts in promoting this great nation.

I was asked recently, "Is God interested in us?" Well, human beings have certainly always wanted their own way, and maybe the question should be, "Do we depend on God any more?" We desire knowledge, which breeds independence. That started in Eden, with the decision over good and evil.

Today, our desire of knowledge is vast. In the scientific realm, that has exploded into man's pursuit of the origins of the universe. More and more these days, God is excluded from so many things. People do not see the need to involve God any more, because "man knows better".

But has man's knowledge solved humanity's basic problems? Poverty, injustice, war, cruelty, disease and love of money are all still with us.

Over the years that I have been involved with Samaritan's Purse, I have seen some remarkable things and met some wonderful, inspirational people who live in a close relationship with God and live out the message of the Good Samaritan. It is a very simple parable from the Bible. The basic message is to love, respect, care for and look after one another, no matter who they are.

In the next few months, thousands of volunteers throughout the United Kingdom will be helping with the operation Christmas child shoebox appeal. We have been challenged this year to send more than 1 million gift-filled shoeboxes from the UK to children who need them. One great part of my job is to go round all the processing depots in Scotland and meet passionate, committed volunteers, who give up their time to ensure that each individual box that a child gets demonstrates a powerful, loving message from across the globe.

As an organisation, we depend on God for guidance, wisdom and grace. Everything that we do is God centred, with volunteers demonstrating how powerful that message is.

Depending on God is not a weakness; it is a partnership, with an eternal dimension. We all demonstrate our faith differently, but giving freely and lovingly to help another person in need is something that can change the life of the recipient; it may also challenge the observant watcher to go and do likewise.

Maybe if we involved God more in our decisions, we would be able to help more people to fulfil man's greatest need, which is to be loved.

Business Motions

Groups 9 to 13:
FitzPatrick.

1 hour 10 minutes.—[*Joe*

Motion agreed to.

14:03

The Presiding Officer (Tricia Marwick): The next item of business is consideration of business motion S4M-10832, in the name of Joe FitzPatrick, on behalf of the Parliamentary Bureau, setting out revisions to the business programme for this week.

Motion moved,

That the Parliament agrees to the following revisions to the programme of business for—

(a) Tuesday 19 August 2014

after

followed by Topical Questions

insert

followed by Ministerial Statement: Ferguson's Shipyard

followed by Ministerial Statement: The Future of the NHS

delete

6.00 pm Decision Time

and insert

6.30 pm Decision Time

and (b) Wednesday 20 August 2014

after

2.00 pm Portfolio Questions
Justice and the Law Officers;
Rural Affairs and the Environment

insert

followed by Ministerial Statement: Update on the Economic Impact of New Innovation Centres—[*Joe FitzPatrick.*]

Motion agreed to.

The Presiding Officer: The next item of business is consideration of business motion S4M-10828, in the name of Joe FitzPatrick, on behalf of the Parliamentary Bureau, setting out a timetable for the stage 3 consideration of the Revenue Scotland and Tax Powers Bill.

Motion moved,

That the Parliament agrees that, during stage 3 of the Revenue Scotland and Tax Powers Bill, debate on groups of amendments shall, subject to Rule 9.8.4A, be brought to a conclusion by the time limit indicated, that time limit being calculated from when the stage begins and excluding any periods when other business is under consideration or when a meeting of the Parliament is suspended (other than a suspension following the first division in the stage being called) or otherwise not in progress:

Groups 1 to 3: 20 minutes.

Groups 4 to 8: 40 minutes

Topical Question Time

14:04

North Sea Oil and Gas Revenues

1. Maureen Watt (Aberdeen South and North Kincardine) (SNP): To ask the Scottish Government what its response is to the finding in the report by N-56 that North Sea oil and gas revenues could be six times higher than the Office for Budget Responsibility has forecast. (S4T-00786)

The Minister for Energy, Enterprise and Tourism (Fergus Ewing): The N-56 report is another that highlights the shortcomings of the United Kingdom Government's and the Office for Budget Responsibility's oil and gas forecasts. It comes just a week after the esteemed Scottish economist Professor Sir Donald MacKay said that the OBR's forecasts were likely to be "precisely wrong."

The outlook for the North Sea remains positive. Investment is currently at record levels, which, although it has reduced tax receipts in the short term, is expected to boost production by approximately 14 per cent by 2018. If production and investment trends follow the industry's own forecasts, Scottish receipts could increase to approximately £7 billion in the coming years.

In addition to the taxes that are paid on oil and gas production, North Sea oil and gas companies pay a range of other taxes and support more than 200,000 jobs in Scotland. Furthermore, with international sales from Scotland's oil and gas supply chain of £10,000 million in 2012-13, international activity now accounts for more than half of total oil and gas supply chain sales from Scotland.

Maureen Watt: I am sure that the minister will join me in welcoming the report's endorsement of the Scottish Government's plans to set up an energy fund. Given that Westminster has failed consistently to set up an energy fund, does he agree that the only way to ensure that current and future generations benefit from Scotland's vast natural wealth is a yes vote next month?

Fergus Ewing: Yes. It is encouraging to see that the report to which Maureen Watt refers endorses the Scottish Government's plans to set up an energy fund, which is something that successive UK Governments have failed to do, to the regret of some of their former members, at least in the Liberal and Labour parties.

Norway is a great example. By fostering a stable and predictable fiscal tax regime, it has not only developed a very strong oil and gas sector but

amassed a fund that is now worth £522 billion and owns more than 1 per cent of the world stock market. I was interested to learn that the Norway oil fund's most recent investment has been to purchase large sections of Mayfair, including Savile Row.

Maureen Watt: As the N-56 report says, and as Donald Mackay—as the minister mentioned—has said, the OBR forecasts grossly underestimate the value of Scotland's oil. Does the minister agree that, given the increasing scepticism from a range of respected commentators, the OBR's forecasts have lost all credibility?

Fergus Ewing: I am not sure that the forecasts ever possessed much credibility, so they cannot really lose it. It is clear that the OBR is out of step with the industry. Sir Donald Mackay is the latest expert commentator who has expressed that view. In fact, he dismissed Danny Alexander's claims about North Sea revenue projections, stating:

"If Danny looks at this he might conclude there is no hole in the Scottish government's oil predictions but there is a mountain of black gold missing from his."

Alex Kemp has estimated that, rather than the 10 billion barrels of oil that it is anticipated will be produced in the next couple of decades, the figure is likely to be 15 billion. Most ironic of all is the UK's support and espousal of Sir Ian Wood's analysis, which says that if the right policies are pursued over the next 20 years, there will be an additional £200 billion. On the one hand, the UK endorses Sir Ian Wood's analysis entirely, thereby committing it to that extra revenue; on the other, its own Government forecaster denies that that is going to happen.

The Presiding Officer (Tricia Marwick): I have selected three topical questions, but time is tight all afternoon. I will do my absolute best to allow as many supplementaries to those questions as I can, but I make a plea for brief questions and brief answers.

Lewis Macdonald (North East Scotland) (Lab): Has the minister compared the N-56 report with the report from the carbon tracker initiative, which has also come out this week and which finds that capital investment in major projects west of Shetland will depend on the price of oil being \$20 a barrel higher than the price of Brent crude today? If so, how does he square the findings of those two reports?

Fergus Ewing: I met BP just recently—yesterday, in fact—and we had a very interesting and useful discussion about its Clair ridge project to the west of Shetland, which is going ahead.

Alistair Darling said:

“Right from the start the Tories used the OBR not just as part of the Government but as part of the Conservative Party”.

I would never utter such a partisan comment, but it seems that, although the OBR's predictions are supported by Lewis Macdonald, they are not supported by luminaries of his party such as Alistair Darling.

Gavin Brown (Lothian) (Con): The N-56 report paints a medium oil scenario in which, it says, the Scottish deficit would be higher than the United Kingdom's deficit in 2016-17 and in 2026-27. Does the minister agree with N-56?

Fergus Ewing: We have set out our own projections, which are based on a middle range scenario. The main point to make in this argument, which should not be just about statistics and figures, is that our view is shared by the industry. The pessimistic view that is constantly espoused by the Conservatives and their colleagues in the Labour Party is born of a desire to persuade Scotland that, instead of oil being the enormous asset and source of wealth for future generations that we know it to be, it is somehow a disadvantage. It seems to me that with, for example, this week's announcement of the increased reserves in the Bentley field, which now stand at more than 700 million barrels, the announcement that projects such as Tormore and Laggan will go ahead, the work involving Kraken, EnQuest, Mariner and Statoil, the redevelopment of Magnus and the investment in Schiehallion in the new floating production, storage and offloading facility—I could go on, but I suspect that it would be unparliamentary to use up any further time—the truth is that oil is a source of enormous wealth to Scotland, and it will be so for decades to come. It will generate enormous wealth but, without independence, we cannot ensure that our citizens will derive advantage therefrom.

Willie Rennie (Mid Scotland and Fife) (LD): The minister criticises the OBR, but is not it the case that the OBR has always overstated rather than understated the oil revenues from the North Sea? Norway has increased tax in order to set money aside in the oil fund. Which taxes will the minister increase? Which services will he cut?

Fergus Ewing: The line of argument that the OBR is wrong but in a different and acceptable way is a new and very curious one. I entirely agree with Willie Rennie that the OBR's record of forecasting is dire. That is documented—it is there in black and white. One little clue as to why it is so dire was given by Sir Donald MacKay, who stated clearly that one of the three sets of estimates that the OBR has made in its very short life was based on an assessment of the future oil price that it obtained by looking at the futures market prices for oil for a period of 10 days. Which statistician said

that a forecast of oil prices for years to come should be based on 10 days' figures from the futures market? It is no wonder that the OBR gets it so dreadfully wrong.

Chic Brodie (South Scotland) (SNP): Can the minister give a view on the opportunities that exist for the exploitation of oil and gas reserves off the west coast of Scotland in the North Channel, in the Firth of Clyde and west of Hebrides? Can he give details of the plans that were announced at the weekend to hold a joint workshop to further investigate those possibilities?

Fergus Ewing: I can confirm that the Scottish Government has arranged for a workshop to be held, which will have the input of very senior academic figures who are experienced and respected in the oil industry, such as Dorrik Stow. Those experts have provided the information that there have been 3,000 drillings in the North Sea west of Shetland and around 20 off the west coast of Scotland. It is obvious from that that only relatively small and modest areas off the west coast of Scotland have been subject to drilling. It is therefore not surprising that people, many of whom work in the industry and have done so for decades, feel that there could be enormous opportunities off the west coast of Scotland and that it is entirely correct to pursue this work, as the Scottish Government will most certainly do, in a careful and forensic way.

Of course, we already have an estimated 24 billion barrels of oil reserves; we know that their value is greater than that of the oil that has already been extracted; and we already have a world-leading and world-beating industry. What we do not have is the Government to pursue, as Norway has done for its country, the correct policies to the immense benefit of Scotland. However, we will get those powers following a yes vote on 18 September.

Russian Ban on European Union Food Imports

2. Jamie McGrigor (Highlands and Islands) (Con): To ask the Scottish Government what action it will take to help the food and fishing sectors affected by the Russian Government's recent decision to implement an import ban on European Union food exports. (S4T-00777)

The Cabinet Secretary for Rural Affairs and the Environment (Richard Lochhead): Last week, I met representatives of the pelagic sector to discuss the potential impact of the Russian trade sanctions. The restrictions are likely to have the biggest impact on our pelagic industry, given that Russia is the sector's largest market with around 20 per cent of its global exports at a worth last year of around £14 million going there. At the meeting, we agreed a five-point action plan to mitigate as far as possible the impact through

targeting alternative market opportunities, growing domestic sales in Scotland and the rest of the United Kingdom, increasing domestic demand for seafood, working with the UK Government to maximise levers such as export insurance and working with the EU to maximise levers such as the banking of quotas.

Of course, other parts of the food and drink industry could also be affected. Earlier today, I met representatives from across the sectors to discuss the potential wider impact and how the Scottish Government and its agencies can work with the industry to find solutions to address any impact of the ban.

Jamie McGrigor: I share the very real concerns that have been expressed by the Scottish pelagic fishermen and processors about the disproportionate impact of Russia's ban on their industry. After all, as the cabinet secretary has rightly pointed out, 20 per cent of mackerel processed in Scotland is exported directly to Russia. Can the cabinet secretary give further details of the extra funding support that the Scottish Government will provide to the sector for additional marketing to domestic and export markets? Secondly, is he able to confirm that the Scottish Government fully supports the Scottish pelagic fishermen's sensible call to be able to bank up to 30 per cent of this year's quota, thus leaving the fish alive in the sea, and whether he has made any progress on securing that aim, given that it is vital for it to be in place in time for the mackerel season this October?

Richard Lochhead: On Friday, I met the new secretary of state at the Department for Environment, Food and Rural Affairs in Peterhead to discuss those very issues, and we estimated that Scotland will account for half of the ban's impact on the whole of the UK. There is, therefore, a disproportionate impact on Scotland and, as I have said, there is within Scotland a disproportionate impact on the mackerel sector, which is why we went to Peterhead and met the relevant companies.

We support the banking of quotas. Ironically, this year of all years and after some hard negotiations a few months ago, there is likely to be a 70 per cent increase in the Scottish mackerel quota, which means that there will be a substantial increase in our quota at a time when one of Scottish mackerel's key markets is being closed. The situation is therefore serious, and if the fleet is allowed to bank some of this year's quota for next year, it will help to alleviate some of the pressure. We are making representations to the European Union and, as I have said, we are seeking the UK Government's support in that.

As for marketing, a trade mission from Scotland is travelling this week to a seafood event in Japan,

which is one of the markets that we are keen on targeting and where a premium price is paid for mackerel and other seafood produce. That is why we are targeting these potential new markets for Scotland, and we hope that they will be of immediate benefit to the mackerel sector in particular. A whole range of measures is being taken forward but, in the interests of time, I will give the chamber those two key ones.

The Presiding Officer: You will need to be brief, Mr McGrigor.

Jamie McGrigor: Although yesterday's statement from the European Union about its decision to prop up the prices of fruit and vegetables will help Scottish producers to some extent, does the cabinet secretary agree that because of the cumulative effect that might flood food markets, further action might be required to alleviate the negative effects that the import ban will inevitably have on Scotland's farmers, especially if the sanctions are to last longer than a year? Moreover, will the cabinet secretary condemn Russia's recent actions, which are causing not only these problems but many other problems worldwide?

Richard Lochhead: The Scottish Government said that there is good reason for the sanctions that the European Union and the United States have imposed against Russia, but there is no good reason for the tit-for-tat approach from Russia by banning food imports.

As for the wider impacts on the food sector in Europe, there is a substantial impact on countries such as Germany, Poland and the Baltic states. The displacement effect could also have a substantial impact on Scotland's wider food sectors. If the Russian market is closed to those countries, produce could be dumped on or available in the European market, which could depress prices.

Addressing that is exactly why I just met the wider food sectors before I came into the chamber—indeed, I had to leave the meeting early to answer Jamie McGrigor's question. In the past hour, we have discussed a range of measures that could help the wider food sectors.

The European Commission's announcement yesterday was on fruit and vegetables and has limited relevance to Scotland, but we expect further measures from Europe in the coming days. We are saying to the UK Government and directly to Europe that those measures must be relevant to Scotland's situation.

The Presiding Officer: I apologise to the three members who wished to ask supplementary questions, but I consider that the cabinet secretary covered most of their points.

Currency Union (Discussions)

3. Murdo Fraser (Mid Scotland and Fife) (Con): To ask the Scottish Government what discussions it has had with the Bank of England in relation to a currency union. (S4T-00779)

The Cabinet Secretary for Finance, Employment and Sustainable Growth (John Swinney): The Scottish Government welcomes the clear and consistent position of neutrality in the constitutional debate that the Bank of England has taken. Following agreement in March 2012 from Mervyn King, and as set out to the Scottish Parliament by the First Minister in December of that year, a number of technical and factual discussions have taken place with the Bank of England. Following the first meeting between Governor Carney and the First Minister in January this year, it was agreed that the technical discussions in advance of the referendum that the governor's predecessor, Lord King, inaugurated between the Scottish Government and the Bank of England would continue.

Murdo Fraser: On Thursday, in an unprecedented move, the Bank of England issued a press statement that said, in response to comments by the finance secretary, that

"the Bank ... has not entered into discussions with representatives of the Scottish Government about proposals for future monetary arrangements in Scotland."

Last Wednesday, the finance secretary said:

"The Scottish Government has had technical discussions with the Bank of England regarding our proposal for a currency union".

Does he stand by every word of that statement?

John Swinney: As I said in my original answer, following the contribution of Mervyn King in March 2012 and the discussions between the First Minister and Mark Carney in January this year, technical discussions between the Bank of England and the Scottish Government were to be and have been taken forward, as agreed between the Scottish Government and the Bank of England. I confirm to Parliament that those technical discussions have taken place.

Murdo Fraser: The finance secretary is at risk of losing his reputation as a straight talker. I asked him a simple question and he gave me an evasive answer, so I will try again. Does he stand by every word of his statement from last Wednesday—yes or no?

John Swinney: If I could say to Mr Fraser that, if by my choice—

Murdo Fraser: It is a simple question.

Mary Scanlon (Highlands and Islands) (Con): Yes or no?

Murdo Fraser: Yes or no?

Jamie McGrigor (Highlands and Islands) (Con): Oui ou non?

The Presiding Officer: Please stop heckling the cabinet secretary and let him answer.

John Swinney: If, by my choice of—
[*Interruption.*]

The Presiding Officer: Order.

John Swinney: If, by my choice of words last week, I gave the impression that the Bank of England has been involved in negotiating a currency union, I say to Parliament that that was not my intention. I have referred to the technical discussions in Parliament on countless occasions. In an answer to a question from Mr Henry on 26 November 2013, I said that,

"To inform the work of the Fiscal Commission Working Group, technical and factual discussions took place with the Bank of England."—[*Official Report, Written Answers, 9 December 2013; S4W-18544.*]

Technical and factual discussions have taken place between the Scottish Government and the Bank of England.

Kenneth Gibson (Cunninghame North) (SNP): The cabinet secretary will be aware of the governor's statement to the Scottish Council for Development and Industry on 20 January that

"The Bank of England, which is a financial technocratic institution, would implement whatever monetary arrangements were decided".

Does the cabinet secretary agree that that neutral position is entirely the right one for the Bank of England to take?

John Swinney: I agree with Mr Gibson. That is exactly what the Bank of England has undertaken as part of the technical discussions that have taken place with the Scottish Government. The stance that Governor Carney has made clear on a number of occasions is that the Bank of England will implement whatever monetary arrangements are put forward and agreed in the aftermath of the referendum on independence.

Ferguson Shipbuilders

The Presiding Officer (Tricia Marwick): The next item of business is a statement by John Swinney on Ferguson's shipyard. The cabinet secretary will take questions at the end of his statement; there should therefore be no interventions or interruptions.

14:25

The Cabinet Secretary for Finance, Employment and Sustainable Growth (John Swinney): I have a statement on the announcement last Friday, 15 August, of the appointment of an administrator to Ferguson Shipbuilders Ltd. Some 70 workers have been directly affected by immediate redundancy announcements. Our thoughts are with those individuals and their families as they go through this period of significant uncertainty. The Scottish Government's immediate response to the news was to ensure that we are doing all that we can to support the workers who have been affected by the announcement.

Following the announcement on Friday, we immediately offered individual tailored support to each of those employees through our partnership action for continuing employment initiative, and we will work with KPMG, as the administrator, and with the trade unions to ensure that we deliver the best, most practical and most personal support that we can deliver.

We have also established a task force, with the aims of retaining a functioning shipyard and employing as many of the Ferguson staff as possible.

I chaired the first meeting of the task force yesterday. In attendance were the Minister for Transport and Veterans; representatives from Inverclyde Council, including the leader of the council and its chief executive; the administrator, which is KPMG; PACE; the Department for Work and Pensions; Scottish Enterprise; the Scottish Government; the Confederation of Shipbuilding and Engineering Unions; local shop stewards from Ferguson's shipyard; and local members of the Scottish Parliament.

We discussed the immediate and practical assistance that could be made available for those who are facing redundancy, as well as the potential for maximising the opportunities for long-term employment in shipbuilding on the lower Clyde. However, the task force has unanimously agreed that there will be a concerted and coherent effort to do everything in our collective and combined powers to secure a new owner for the yard: we are determined to see shipbuilding continue on the lower Clyde.

We will continue to work together to ensure that we see the best possible outcome for Port Glasgow. The next meeting of the task force will be on Monday coming, and we will continue to meet for as long as it takes to achieve the aims of the task force.

Members are well aware of the long and proud heritage of shipbuilding on the River Clyde. For Ferguson's specifically, that heritage dates back some 103 years, to when four brothers established the yard. At one point, the yard employed up to 200 people. More recently, following a difficult period in the early 2000s, we have witnessed the yard look to the future with the cutting-edge delivery of the world's first sea-going roll-on, roll-off diesel-electric hybrid ferries.

Since 2007, any contract that Ferguson's has had the capability and capacity to bid for, it has been successful in winning. Specifically, we awarded to Ferguson's the contract for two hybrid ferries in October 2011, procured by Caledonian Maritime Assets Ltd and funded by Transport Scotland. Those contracts have provided more than £20 million of work for Ferguson's, which has accounted for a substantial part of the yard's recent work.

The Scottish Government, through the vessel owners CMAL, worked very closely with the owners and management of Ferguson Shipbuilders to ensure delivery of those vessels. At the time of that award, it was understood that the work would enable the company to remain competitive and, it was hoped, would give it a unique capability and foundation for further orders. That has proved not to be the case.

Since January 2014, Ferguson's has been working with CMAL, Transport Scotland and Scottish Enterprise to review its financial position. With the support of CMAL, the final payment on the second hybrid ferry to Ferguson's was split into staged payments in order to ease cash-flow pressures.

Scottish Enterprise at that stage provided grant support for a financial health check to establish the business's financial position and short-term funding requirements. That was followed up in February 2014 with financial readiness support to review the business strategically and to prepare it for investment, which was again provided by Scottish Enterprise. In March 2014, further grant support was delivered to provide information that would help Ferguson's to consider the medium-term needs of the business, including new investment or ownership to reshape the business.

There continues to be work at Ferguson's—partly funded by £2 million from the Scottish Government and the European fisheries fund—that needs to be finished. That work will be

important to any new owner in the early days of a takeover, and it is obviously important to the customer that they take delivery of a vessel in which they have already invested a great amount for completion. We will do whatever we can within the rules to pay grant claims to the vessel owner very quickly, once work recommences.

I firmly believe that there is a viable future for shipbuilding on the lower Clyde. Our aspiration for future ferry orders remains, and I have allocated significant capital funds to Transport Scotland to deliver that. The Scottish ferries plan sets out a series of vessel procurements over the next decade; 12 current CalMac Ferries vessels are to be replaced at an estimated cost of up to £250 million. Half those vessels are of similar size to the two hybrid ferries that Ferguson recently built. CalMac, CMAL and Transport Scotland are currently completing long-term plans for that procurement programme. There will certainly be construction work for a new owner of Ferguson to compete for, as well as regular repair and maintenance work from CalMac.

Through CalMac and CMAL, the Scottish Government is investing significant sums in the design, construction and maintenance of vessels. There is sufficient work to sustain Ferguson under a new owner that has the vision and commitment to invest in the shipyard and its workforce. We would work closely with any new owner to support it in building a sustainable business, although we recognise that that cannot happen overnight.

I must return to the most important aspect of recent events; 70 livelihoods are directly at stake. In Port Glasgow, we have a highly skilled workforce, and it is essential that those skills be put to productive use. That commitment must be delivered with real urgency.

The administrator has made it clear that Friday's announcement has generated significant interest in Ferguson's assets and capabilities. There is a challenge for all of us to work together to secure the shipyard's long-term future. Our goal continues to be to secure the long-term future of Scotland's vital shipbuilding industry; the Government will do all that it can to work with others to secure the future of shipbuilding on the lower Clyde.

The Presiding Officer: We move to questions, for which I intend to allow around 20 minutes.

Iain Gray (East Lothian) (Lab): I thank the cabinet secretary for his statement and for early sight of it.

The descent into administration of Ferguson, which is our last commercial shipyard, is a blow to an iconic industry, to which we must respond with every resource at our disposal. The hardest blow, of course, is to the workforce and their families. I very much associate Labour members with the

cabinet secretary's assurances that our thoughts are with them, first and foremost.

Although the yard is more than a century old, the jobs are not old-fashioned. The work is highly skilled, and the products of the yard are technically advanced, innovative and cutting edge. As we heard, the last two vessels that Ferguson produced were groundbreaking and award-winning hybrid ferries. We can all agree that those jobs should be jobs of the future, not of the past; we must ensure that that is so.

The cabinet secretary was very clear: we have a yard, a skilled and proven workforce, a customer in CMAL, 12 vessels to be built, and £250 million to be invested. We surely must find a way to ensure that that investment supports jobs here, rather than somewhere else.

What assurances can the cabinet secretary give potential new owners that orders for Ferguson will be forthcoming quickly?

John Swinney: I welcome the substance of Iain Gray's remarks and agree entirely that the jobs at Ferguson represent jobs of the future, especially given its innovation in recent years in building the hybrid vessels. Those vessels contribute significantly, of course, not only in terms of new technology, but in addressing carbon reduction issues that all Administrations around the world will have to address. Ferguson is in a leading position in being able to influence that consideration by a variety of countries.

On the prospects of future orders, I set out in my statement the extent of the investment in the ferry fleet in the next few years, which has an estimated cost of up to £250 million across 12 CalMac vessels.

About half those vessels equate in size to the hybrid vessels that Ferguson's has just completed. As I said, Ferguson's has a strong track record of successfully securing the orders for which it is equipped to bid, given the yard's size and focus.

I assure Parliament that the Government is putting in place the resources to ensure that there is an on-going and sustained investment programme in the CalMac fleet, and that the Government will commit to making orders available for the fleet's renewal at the appropriate times, given its commitments to operating lifeline ferry services and to ensuring that the services are provided by vessels that are of a quality and strength that are appropriate to the task.

Annabel Goldie (West Scotland) (Con): I, too, thank the cabinet secretary for advance sight of his statement. I also thank him for convening the task force; I was very pleased to attend its meeting yesterday in Greenock. I echo the deep concerns, which are shared by everyone, about the events

that have engulfed Ferguson's and their consequences for the workforce.

I welcome the cabinet secretary's commitment to shipbuilding continuing on the lower Clyde. In the interests of finding a new purchaser, which I think everyone agrees is the best way forward, has the Scottish Government had any communication with the United Kingdom Government to see whether it can help? Has it had any communication with the Shipbuilders and Shiprepairers Association, simply to ensure that every purchase possibility is being investigated?

John Swinney: This morning, I spoke to the Secretary of State for Scotland. He made it clear that if there is anything that the United Kingdom Government could do, it would do so. He relayed the view that all steps that could be taken at this stage are being taken.

On new investors, the Scottish Government will talk to any serious bidder in the process. The primary responsibility for that dialogue lies with the administrator, given its statutory functions. However, I take the opportunity that is presented by Ms Goldie's question to make the point that we believe that the way forward is through new ownership and investment. Over the next few days, those are the supremely urgent priorities, because without securing them, the danger is that the workforce—what I consider to be Ferguson's crucial asset—will start to dissipate as individuals, quite understandably, in order to try to secure alternative opportunities to support their families. I assure Parliament that the identification of new owners is the Government's absolute and immediate priority. This morning, I discussed those issues with the administrators.

Stuart McMillan (West Scotland) (SNP): I welcome the statement, the speed of action and the collegiate approach that has been taken thus far through the establishment of the task force.

What support can the Scottish Government provide to prospective buyers for diversifying the yard? That diversification does not appear to have been capitalised on fully to date.

John Swinney: As I indicated, the Government, through the work of Transport Scotland, CMAL and Scottish Enterprise, has been heavily involved in supporting development at Ferguson's yard. The hybrid ferry contract is a significant example of diversification, with the deployment of an entirely new technology and its application in a challenging environment. Last week, I was on the MV Lochinvar and I can testify to the beauty of Ferguson's work—it is absolutely fantastic.

There is evidence of diversification. The hybrid ferry contract represents an opportunity to market an innovation from Scotland to jurisdictions around

the world. That is a significant and attractive opportunity for any new buyer to invest in the yard.

Duncan McNeil (Greenock and Inverclyde) (Lab): I thank the cabinet secretary for his statement and, indeed, I support much of the sentiment in it. Obviously, as the constituency MSP for the area concerned and having been with the Ferguson's workforce, I turn to harder questions that they wish me to ask. They ask why promises of further CalMac orders were not delivered, why the yard was allowed to close and whether the closure could have been prevented.

The cabinet secretary's statement confirms that the Scottish Government has been working with the employers on the perilous financial situation for eight months. As the cabinet secretary will know, the workforce is very angry about being kept in the dark about that situation. Will he give an assurance today that all talks with potential employers will lead to the continuation of manufacturing and shipbuilding at the Ferguson yard and that it will not be used for any other purpose? Can he give a guarantee that there will be a new openness, with the involvement of the trade unions and the workforce with any potential future new owners?

John Swinney: I would like to make three points to Mr McNeil.

Obviously, I understand the raw sensitivity on this issue in the Port Glasgow community. I addressed that on my visit to the yard yesterday and in my discussions with the workforce and subsequently with the shop stewards. I am sure that that point was also discussed when the First Minister met the shop stewards earlier today.

The Government and its agencies have been involved in trying to address what I described at the task force yesterday as the precarious financial position of Ferguson's for some time. That is what the Government does for companies all the time, and we invariably do not disclose to Parliament or to anybody that we are having those discussions because to disclose them would be to destabilise many of the companies that we are trying to support by addressing their problems. That is therefore not something that I am going to apologise to Parliament for.

I think that Parliament would be horrified if the Government was not involved in private discussions with companies to try to remedy their precarious financial situation. That is what Government—certainly this Government—is here to do. How employers then deal with that with employees is another matter.

That is the second point that Mr McNeil raised that I want to address. In my experience of situations in which we are involved in discussions with companies about their precarious financial

position, the situation is much improved when the workforce are taken into the loop because that is where many of the good solutions come from. I can think of numerous examples that have never hit the headlines where hundreds of jobs have been saved. They have never been in a newspaper in the country because of the private discussions involving trade unions, the workforce, the management and the Government to resolve the issues. It would be better if that type of discussion was going on. Frankly, the key point that emerged from the review that Mr Mather undertook yesterday is that workforce and management discussions are a tremendous asset in resolving challenges within companies.

My final point is on the issue of the future role of the Ferguson shipyard. I was crystal clear yesterday and I am crystal clear today that my priority is to secure a future for Ferguson's as a shipbuilding concern in the years to come. That is the focus of our discussions. We do not have control over that issue, because an administrator is now in control of the site, but the Government's intervention and approach will be to secure the future for Ferguson's as a shipbuilding concern in the years to come.

Kenneth Gibson (Cunninghame North) (SNP): I, too, thank the cabinet secretary for his statement. I represent an island community, and I understand that there have been discussions since at least November 2012 on the designs to replace ferries on the Brodick to Ardrossan route over the next few years. Can the cabinet secretary tell us when those new orders are actually going to be placed? Clearly, any new buyer wants to know not only that there is the likelihood of new orders but when new orders can be placed.

John Swinney: What I can say to Mr Gibson is that there is an on-going programme in the ferries plan that sets out the routes that will require replacement vessels. Those priorities will be worked through as they are set out in the ferries plan. Of course, we are shortly to take delivery of the MV Loch Seaforth for the Stornoway to Ullapool route, and further contracts will follow in the wake of the Loch Seaforth. They are all set out in the ferries plan and the Government will provide the support that is envisaged in the plan to ensure that they can be realised.

Willie Rennie (Mid Scotland and Fife) (LD): I thank the cabinet secretary for the advance copy of his statement.

Earlier this year, the Deputy First Minister said:

"We would have preferred to see a private company buy Prestwick Airport but the strategic and economic importance of Prestwick Airport is such that we weren't prepared to see Prestwick close."

If the alternative is closure, will the Government buy Ferguson's?

John Swinney: The situation that we find ourselves in is that Ferguson's is in administration. It is now for the administrator to take forward that responsibility.

In response to Willie Rennie's question, the best thing that I can say is that the Government is not prepared to rule out anything at this stage. We want shipbuilding to continue on the Clyde and at the Ferguson yard. We will do all that we can to secure new ownership, but we will keep an open mind on all options that are available to the Government at this time.

Maureen Watt (Aberdeen South and North Kincardine) (SNP): I thank the cabinet secretary for making sure that the priority is to secure a new owner for the shipyard. We have had several conversations about how there can be diversification at the yard.

Can the cabinet secretary confirm that Dales Engineering Services in Peterhead has taken over some of the apprentices, so that they can complete their apprenticeships?

John Swinney: I am afraid that I do not have that detail in front of me, but I know that there are six apprentices at Ferguson's and that shop stewards left our discussions yesterday to help them make arrangements to complete their apprenticeships. I have not had an update on the final destinations that have been arrived at, but all efforts have been made by the shop stewards and PACE to make sure that the apprentices are in a position to complete their apprenticeships.

Jenny Marra (North East Scotland) (Lab): The cabinet secretary has made it clear that ferry procurement is a potential source of orders for Ferguson's. Will he undertake to examine whether that procurement could be brought forward to provide that opportunity for the Ferguson yard sooner?

John Swinney: We certainly will explore how we can ensure that there is a credible flow of work that Ferguson's can access under the process of competitive tender, and we will take all steps—as we have done over recent years, with the two vessels that have been secured by Ferguson's—to ensure that there is every opportunity for the yard to complete contracts of that nature.

Joan McAlpine (South Scotland) (SNP): What support will be given to those workers in Ferguson's who were approaching retirement and are facing redundancy?

John Swinney: The purpose of the intervention of PACE, working collaboratively with the DWP, is to ensure that every individual, at whatever stage in their working life, is able to obtain the necessary

support and advice to equip them to deal with those challenges.

In response to Maureen Watt I indicated that specific support was being made available to the apprentices; in relation to Joan McAlpine's question I say that advice for workers who are near retirement will be tailored to meet their circumstances and assist them in a way that meets their requirements and priorities.

Michael McMahon (Uddingston and Bellshill) (Lab): I bring to the chamber's attention my entry in the register of members' interests: I am a member of the GMB union.

In the wake of last week's announcement, Jim Moohan, GMB Scotland senior organiser and chairman of the Confederation of Shipbuilding and Engineering Unions, said:

"The first minister can, we believe, directly intervene and tender for commercial work within Europe to allow this yard to remain open. All governments have got the right to make bold decisions to save an industry."

He also said that a failure to intervene would be an "utter betrayal".

Does the cabinet secretary agree?

John Swinney: We can always rely on Michael McMahon to go with the flow of cross-party working on such questions.

I think that I have made it pretty clear to the Parliament today that the Government will do everything that it can do to secure the future of the Ferguson shipyard as an on-going shipyard concern and that we will do everything that we can do to secure the future of the workforce. That is exactly what I am concentrating on. I am not concentrating on political point scoring, as Mr McMahon is doing.

NHS Scotland

The Presiding Officer (Tricia Marwick): The next item of business is a ministerial statement on the future of the national health service.

14:50

The Cabinet Secretary for Health and Wellbeing (Alex Neil): Last week, Malcolm Chisholm asked for a statement on the consequences for the national health service of yes and no votes in next month's referendum. As I said last week, I am happy to oblige.

In short, the people of Scotland have a choice between two futures: one in which this nation's vast wealth can be marshalled to help to create a fairer society; and one in which the budgets that are available for Scotland's public services are consigned to the whim of Westminster.

Nye Bevan's founding principles for the national health service were that the institution should be owned by the people and should give access to the highest attainable standard of health services, which would be free at the point of delivery and based on clinical need and not ability to pay.

Those principles must be protected, and a yes vote gives this nation a chance to do just that by framing a constitution that reflects the values and aspirations of our nation. As the First Minister set out last week, we will take to the independent constitutional convention a proposal to enshrine the national health service as an institution in the constitution. That would ensure that, in contrast to what is happening south of the border, our health service could never be privatised against the wishes of the people. I note that all members of this Parliament say that they do not favour privatisation, so I trust that after a yes vote they will join us in the constitutional convention in making the case for constitutional protection for the national health service.

Scotland is a wealthy nation. We do not need to limit our ambitions to the parameters of the Barnett consequential. With the full powers of independence, the Scottish Government could do yet more to strengthen our economy, create more jobs and make the transformational investment that would help thousands of people back into work. More people in work is not just good for the economy but essential to improving the nation's health.

A no vote is a very different and disturbing prospect for our national health service and wider public services. Under the current arrangements, every £10 that is cut from health spending in England through austerity, privatisation and patient charges will consequently reduce

Scotland's budget by around £1. Privatisation that leads to further patient charges, enabled by the Health and Social Care Act 2012 in England, means that services that were previously free will have to be paid for by patients. The replacement of public funding with private money will have a consequential impact on Scotland's budget.

We should be in no doubt: a reduction in free services in England and extended charging for health services are exactly what is happening and will continue to happen in England. As Unite the union has warned:

"the public will increasingly have to pay for aspects of their care that used to be free at the time of treatment."

The Labour Party in England shares that concern. It said in its publication, "The Choice: NHS":

"there is the prospect of more NHS services being charged for, and fewer services being provided free at the point of need."

That is also the view of the Labour Party in Wales, where my opposite number, the Labour health minister Mark Drakeford, said:

"The fundamental issue ... is the impact on public services in Wales of the cuts being made by"

the

"administration in Westminster, and passed down to Wales. That is what the fundamental problem is here: we have a Westminster Government that believes in shrinking the state, which believes in doing less through the public realm, and passes less money down to us in order to be able to do it."—[*Record of Proceedings, National Assembly for Wales*, 17 June 2014.]

Labour's English health spokesman, Andy Burnham, has given the same signal. He warned:

"Five more years of the same would push the NHS off the cliff-edge where it now finds itself."

Andy Burnham has also said that the coalition

"sees no limits on the extent of privatisation in the NHS."

Here in Scotland, however, Labour members would have us believe that their colleagues in England and Wales are wrong and that there will be no impact from the austerity, privatisation and charging agenda of the current Westminster Government. Of course, that was not always the case. In 2009, the warning from Labour in Scotland was that the Tories were

"relishing the chance to swing the axe at the public services millions rely on",

with "Cuts driven by ideology". That warning came from one Alistair Darling.

Strangely, this morning, Alistair Darling defended Osborne's budgets on the radio and claimed that national health service spending in England has been

"increasing for the last four years under the present Government".

However, in 2012, Andy Burnham warned that the Conservatives had

"cut the NHS budget for two years running"

and that they owe it

"to patients and NHS staff to be honest about that."

In the 2010 election, Scottish Labour's election campaign broadcast, upon which Mr Darling and all Labour members of Parliament were elected, said that the Tories had

"starved our schools and hospitals of funding and there's a real risk they would do the same again."

Even after the Conservatives took office, Labour warned again:

"What's going to happen when David Cameron's cuts start to hit? Scotland is worried and they are right to be worried."

So said Iain Gray. This year, Labour MP Michael Meacher has gone further still on the future of the health service in England, saying

"we know the latest steps being proposed to make the NHS into a full-blown private health service"—[*Interruption*.]

The Presiding Officer: Order. Let us hear the cabinet secretary.

Alex Neil: Mr Meacher continued:

"the truth has been let out of the bag that the Tories and their big corporate friends had in fact intended all along that it would become a fully paid-for service, only they didn't dare say so before now."

Perhaps the no campaign would have us believe that, despite the warnings of the Labour Party in England, Labour in Wales, the Jarrow marchers and myriad warnings from trade unions, the Tories are actually privatising the health service in order to increase public spending. As Mark Drakeford outlined, we already know that the Tories' spending plans are for yet deeper cuts. Ed Balls has pledged to keep Labour within the Tory spending plans and George Osborne has pledged to force through another £25 billion-worth of cuts.

Since 2010, when the coalition came to office, we have already had a 7.2 per cent cut in real terms to our resource budget, plus a 26 per cent cut in our capital budget. Despite those cuts, the Scottish National Party Government has managed to protect the front-line resource NHS budget in Scotland and, in each year since 2010, we have increased it above real terms. I do not think that anyone in the chamber can think it a realistic prospect that, if further deep cuts through austerity are forced on Scotland by Westminster, services will be left unscathed.

The solution that the no campaign proposes is that taxes should be hiked in Scotland to offset the planned Tory cuts. That is unacceptable and would be a double whammy for Scotland. That is

why a no vote would put our health service at serious risk. The consequences of a no vote would be reduced budgets as a result of privatisation, patient charges, fragmented pay arrangements for health staff, with further pay restrictions, and austerity as a matter of ideology south of the border.

That is why we on this side of the chamber choose the path where the power and wealth of Scotland are put in the hands of the people of Scotland. We choose a future where Nye Bevan's founding principles for the health service are not simple articles of aspiration but part of our constitution. We choose to ensure that those who come after us can have the guarantee of a health service that is free at the point of need, just as we and our families have benefited from that throughout our lives. We invite the people of Scotland to choose that path with us. The first step is simple—vote yes for independence on 18 September.

The Presiding Officer: The cabinet secretary will now take questions on the issues raised in his statement. I intend to allow around 20 minutes for questions, after which we will move to the next item of business.

Neil Findlay (Lothian) (Lab): Even the cabinet secretary surpassed himself there. [*Applause.*]

The Presiding Officer: Order.

Neil Findlay: At the SNP conference in 2014, Nicola Sturgeon said:

"I can stand here proudly and say this: for as long as we are in government, there will be no privatisation of the NHS in Scotland."

Yesterday and today, however, the First Minister and the cabinet secretary contradicted that position.

In 2011 the SNP manifesto said:

"The Scottish Parliament has responsibility for the health service and that means we can protect NHS budgets."

The white paper says:

"Without devolution,"

the NHS

"would have been repeatedly re-organised"

and

"exposed to private competition".

I am not allowed to call anyone in the chamber a liar, but was Nicola Sturgeon not telling the truth at her conference? Did the SNP not tell the truth in its manifesto? [*Interruption.*]

The Presiding Officer: Order.

Neil Findlay: Or is the cabinet secretary not telling the truth now? I am not allowed to call the

cabinet secretary and the First Minister liars, but will they condemn a campaign that claims that private healthcare is cheaper and more efficient than public healthcare? I am not allowed to call the cabinet secretary and the First Minister liars—

The Presiding Officer: Your time is up, Mr Findlay. Do you have a question?

Neil Findlay: Do they accept that the greatest threat to the NHS in Scotland is the £6 billion of cuts in public spending that would occur under their plans to break up the country? Will the cabinet secretary focus on his day job and sort out waiting lists, huge problems in accident and emergency, staffing and bed cuts, a social care crisis and a lack of general practitioners, instead of supporting the most scandalous deceit of the referendum campaign to date?

Alex Neil: In the spirit of Mr Findlay's remarks, I thank him for the compliment at the start of his question.

I do not think that Mr Findlay understands what devolution means. Let me remind him that Enoch Powell said many years ago that power devolved is power retained. We must look at not only today and tomorrow but at five and 10 years' time. With a constitution that embeds and enshrines the basic principles of the national health service, Scotland will never ever have a privatised health service. Our powers in a devolved Parliament are not enshrined and can be overruled at any time by any future Westminster Government.

Neil Findlay: Tell Nicola that.

Alex Neil: As far as the money is concerned—

Neil Findlay: Why is that not in the white paper?

The Presiding Officer: Order, Mr Findlay.

Alex Neil: The biggest problem that I have financially is that the previous Labour Administration left us a legacy of a bill for £220 million every year for its private finance initiative. [*Applause.*]

The Presiding Officer: Order.

Alex Neil: That is the biggest spending on the private sector. It was initiated by Labour. It is a rip-off for the health service and Neil Findlay's party landed us with it for 30 years.

Jackson Carlaw (West Scotland) (Con): I thank the cabinet secretary for advance sight of his statement, although I am bound to say that I cannot recall one that has relied so much on cut-and-paste quotations from third parties, all of which amounted to nothing more than speculation, rumour and unsubstantiated allegation. [*Laughter.*]

The Presiding Officer: Order. Let us hear Mr Carlaw.

Jackson Carlaw: In his statement, the cabinet secretary relied on the consequences of the Health and Social Care Act 2012 in England. Here is what the Government said in a statement when that act received royal assent: it is expected that it will produce

“£4.5 billion over the lifetime of this Parliament, with every penny being reinvested in patient care.”

In consequence of that, the Government itself has published figures that show that there have been consequentials of £280 million in 2011, £249 million in 2012, £293 million in 2013 and £284 million in 2014, and that there are anticipated consequentials of £202 million in 2015. That is an increase—the clue is in the word “increase”—of £1.3 billion that is coming to the Scottish Government to spend on health.

Can the cabinet secretary therefore identify today any statement from the Treasury or the Department of Health that, at any time, has identified a reduction in health spending—spending that has been ring fenced throughout the very worst recession that we have known? If he cannot do that, does he not realise how shameful this last-minute attempt to scare vulnerable voters into voting yes really is?

In the spirit of this chamber, I have offered to work constructively with the Scottish Government, as have others, to set aside the course of the health service in England to ensure that we in Scotland work to preserve a public sector health service that is free at the point of need and delivery. Is the cabinet secretary now spurning that offer, which he himself has embraced readily and enthusiastically at every other stage in the lifetime of this Parliament?

Alex Neil: First, Mr Carlaw is saying that nowhere is there no increase. I tell him that the nurses and other agenda for change workers in the national health service were refused, by his Government, the pay increase that was recommended by their pay review body not just for this year but for next year. They do not have an increase this year or next year.

We implemented the recommendations, with a view to reviewing them in a year's time, as normal. However, nurses down south have been treated with contempt by the Secretary of State for Health down there, so I do not think that we will take any lessons about what is promised and said by a Tory Government in London. No nurse in England would believe anything that the Tories said about the health service.

As far as the money is concerned, the reason why we are spending so much additional money

on the health service is because the SNP Government has ring fenced the money for health, while Mr Carlaw's Government has cut our resource budget by 7.5 per cent and our capital budget by 26 per cent. Over the past five years, Scotland's £8 billion advantage has been taken down to London to subsidise the Treasury down there. If we had had access to our own £8 billion over those years, the increase in spending on public services would have been a lot higher.

The Presiding Officer: As members would expect, a large number of members want to ask a question. I urge brief questions and brief answers.

Aileen McLeod (South Scotland) (SNP): Given that George Osborne has promised £25 billion of spending cuts after the 2015 general election, and the Labour Party has signed up to those spending plans, what will the real-terms impact on the Scottish resource budget be if Scotland remains in the union?

Alex Neil: Depending on where the Westminster axe on public spending falls, by 2018-19, if the further threatened cuts are implemented, Scotland's budget will be cut in real terms by between £4 billion and £5 billion, compared with the position when the coalition Government came to office. That represents cuts of between 14.6 per cent and 18.3 per cent. The worst-case scenario is the frontline Scottish resource budget being cut in real terms from £27.3 billion in 2010-11 to £22.3 billion in 2018-19. To put that in terms that the no campaign might understand, it is more than the entire schools budget for Scotland.

Rhoda Grant (Highlands and Islands) (Lab): Would it be fair to say that this new scare story seeks to divert attention from the Scottish Government's privatisation of the NHS here in Scotland? [*Laughter.*]

The Presiding Officer: Order.

Rhoda Grant: Last year, there was a huge 23 per cent increase in spending on private healthcare in the NHS in Scotland. Does the cabinet secretary agree with Audit Scotland that that shows a strain in the system? Will he now take responsibility, accept Labour's position and have a comprehensive review of the NHS?

Alex Neil: As I have already said, the biggest amount of NHS money that goes to the private sector in Scotland is the £220 million in PFI charges. In five out of the six years for which final figures are available since we came to power, we have spent less on the private sector in Scotland as a percentage of our total budget than the Labour Administration before us did.

I also remind the member—because maybe she has a short memory—that it was not this

Government that tried to privatise Stracathro. I think that it was her Government that tried to privatise services at Stracathro, and it took Nicola Sturgeon to reverse that privatisation and keep Stracathro in the public sector.

Joan McAlpine (South Scotland) (SNP): Just across the border from my South Scotland constituency the hospitals in Cumbria are struggling to deal with the market system that has been imposed on them. Several are under special measures and the trust is £27 million in debt. The situation has been further exacerbated by a commercial decision to transfer all hip and knee operations to Hexham, further depriving Cumbria of £2.7 million, which is likely to be recouped through further cuts to patient care.

The Presiding Officer: Can we just get a question that is relevant to the cabinet secretary?

Joan McAlpine: I am coming to that.

How can the health secretary guarantee that my constituents can always rely on a public NHS rather than the profit-led system that is being imposed on their neighbours in England?

Alex Neil: There are two ways. First, when we are independent we will get the Government that we elect, and I do not think that any Scottish Government will ever dare to try to privatise the health service in Scotland. We saw the price that the Labour Party paid in 2007 when it tried a bit of privatisation in Stracathro and in Harthill in my constituency.

The second way to absolutely guarantee that is to write the founding principles of the national health service into an independent Scotland's constitution and build it into the ethos of this Parliament so that nobody—by accident or by design—can privatise our health service.

Willie Rennie (Mid Scotland and Fife) (LD): I thank the minister for the advance copy of his statement.

The NHS has received more money, not less, under every single UK Government for decades. The share of UK national income spent on the NHS has doubled in the past 50 years. It is the minister's independence plans that will cut £6 billion from our public services and threaten our NHS. Is he not just a little bit ashamed that he is misusing our NHS to shore up his campaign?

Alex Neil: What I would be ashamed about would be my party shoring up the Tories and the privatisation agenda, like Mr Rennie's is. I find it inconceivable that, at the grassroots, the Liberal party in Scotland supports privatisation or that it supports the benefit and welfare reforms that are doing so much damage to disabled people. If anybody should be holding their head in shame, it is Mr Rennie.

Colin Keir (Edinburgh Western) (SNP): This morning on Radio Scotland Alistair Darling said, "Look, it's no secret that the Tories have long had their sights on public spending." Does the cabinet secretary agree that that highlights the hypocrisy of the no campaign, which claims that public spending is safe at Westminster?

Alex Neil: Of course, the public spending cuts were started by Alistair Darling when he was Chancellor of the Exchequer, so I can understand why he is defending Tory cuts, although in that interview he seemed to be facing at least two ways. In fact, after the interview I began to think that he had more faces than Big Ben.

Malcolm Chisholm (Edinburgh Northern and Leith) (Lab): Forced to change his narrative every time he opens his mouth, will the cabinet secretary now confirm that yes campaigners are being mendacious when they say all over Scotland that the Scottish NHS would be privatised following a no vote and ill-informed when they say that privatised services cost less public money, contrary to the view of NHS campaigners in England? Is not the real threat to the Scottish NHS the possibility of a yes vote and the increased austerity that would follow, according to all independent economists?

Alex Neil: The last part of that question was just totally factually incorrect. On the impact of charges, privatisation is about imposing charges on services that previously were free of charge. If a service is paid for through charges instead of taxation, which is the direction of travel down south, the amount of revenue through time that is spent on the national health service will decline, because the revenue will come from the charges. If the revenue declines, if we stay under the Barnett formula through time our revenue and our budget will decline as well.

Let me quote from a survey of the leading health and social care professionals in England, which was undertaken on 1 July 2014 by the Nuffield Trust, a highly respected organisation. The survey asked:

"How likely do you think it is that comprehensive health care (excluding charges that already apply), will still be provided free at the point of use in England in ten years' time?"

The answer from 47 per cent was "Quite unlikely" or "Very unlikely". They believe that charges are coming in England and they are the leading professionals in the health and social care system in England. They are politically independent. I would believe them before I would believe Malcolm Chisholm.

Christine Grahame (Midlothian South, Tweeddale and Lauderdale) (SNP): Is the cabinet secretary aware of scare stories put about

by the no campaign that the excellent cross-border arrangements for healthcare between Scotland and England, particularly in my constituency, will cease after independence? How does he respond to that accusation?

Alex Neil: That is obviously very serious. I make it absolutely clear that, irrespective of the result of the referendum, the cross-border arrangements between Scotland and the rest of the United Kingdom—and indeed the cross-border arrangements between Scotland, the rest of the United Kingdom and the European Union, which are covered by a cross-border directive—will all continue. Beyond that, we quite regularly send patients as far away as the United States if they require very specialist treatment. That will continue as well.

It is two-way traffic. In a typical year, as well as us sending patients outwith Scotland to get specialist treatment, about 7,500 people come to Scotland for very specialist treatment that they cannot get anywhere else. I do not think that any Government representing those people will do anything to endanger the cross-border arrangements.

Ken Macintosh (Eastwood) (Lab): Leaving aside the misstatements and inaccuracies of his so-called parliamentary statement, does the cabinet secretary acknowledge the irony of his remarks today when, under his plans for independence, Scotland will no longer be part of the NHS as founded by Nye Bevan? For the first time since 1948, Scots will no longer be part of the NHS throughout the UK. Following his remarks to my parliamentary colleague, can the cabinet secretary address the concerns of a constituent who believes that he might have to use a European health insurance card to access services throughout the UK?

Alex Neil: Obviously, the member was up all night thinking of that one.

We do not have a UK national health service, because the divergence between what is happening north of the border and what has happened south of the border renders that impossible. South of the border, they are privatising; north of the border, we are keeping the health service free at the point of use and in public hands.

Hugh Henry (Renfrewshire South) (Lab): So we do not need independence, then.

The Presiding Officer: Mr Henry, please stop it.

Alex Neil: We have free personal care; they do not. We have free prescriptions; they charge £9 per prescription. Despite what Andy Burnham suggested, there is no way that we would allow a

publicly owned national health service in Scotland in any way to be absorbed into a partially, and about to be extensively, privatised health service south of the border.

Maureen Watt (Aberdeen South and North Kincardine) (SNP): The cabinet secretary referred to the document “The Choice”, in which the Labour Party has recently raised the prospect of patient charges in England and of

“fewer services being provided free at the point of need”

In England. Is the Labour Party in England wrong? How would that impact on the budget available for those services in Scotland?

Alex Neil: I do not think that the Labour Party is wrong in its analysis, and nor is Mark Drakeford. As I speak, something of the order of £5.8 billion of tenders are being issued in England to invite the private sector—large, profit-making companies—to come in and take over the work of NHS doctors, nurses and other staff. The facts speak for themselves. The health service is being rapidly and extensively privatised south of the border.

The Presiding Officer: I call Alison Johnstone, to be followed by Margaret McCulloch. I had an indication that Duncan McNeil wanted to ask a question, but he is not here.

Alison Johnstone (Lothian) (Green): Is the cabinet secretary concerned about the “profound threat”, as Unison describes it, of the transatlantic trade and investment partnership to public services, including health? Will the Government join the growing number of organisations and individuals who oppose that proposed trade deal?

Alex Neil: We do not oppose the trade deal in principle, but we absolutely oppose any inclusion in such a deal of free public services such as the national health service.

My colleague John Swinney and I have made that clear publicly, and we have written to the UK Government and the European Union to make it absolutely clear that, in the TTIP negotiations, the health service must be excluded and no part of that deal should force us in Scotland—or any other country in which the health service is publicly owned—to privatise the health service in any way.

Margaret McCulloch (Central Scotland) (Lab): According to the *British Medical Journal*, 60 per cent of Scotland’s doctors are planning to vote no. Why does the cabinet secretary think that that is the case?

Alex Neil: In that survey, 14 per cent replied, so I have been trying to talk to the other 86 per cent.

I assure Margaret McCulloch that I am absolutely convinced that the vast bulk of the 158,000 people working in the national health service in Scotland will vote yes, because they see

that only a yes vote will keep the health service in Scotland in public hands.

Revenue Scotland and Tax Powers Bill: Stage 3

15:21

The Presiding Officer (Tricia Marwick): The next item of business is stage 3 proceedings on the Revenue Scotland and Tax Powers Bill. In dealing with amendments, members should have the bill as amended at stage 2, SP bill 43A; the marshalled list, SP bill 43A-ML; and the groupings, SP bill 43A-G.

The Deputy Presiding Officer (John Scott): For further information, the division bell will sound and proceedings will be suspended for five minutes for the first division of the afternoon, should there be one. The period of voting for the first division will be 30 seconds. Thereafter, I will allow a voting period of one minute for the first division after a debate. Members who wish to speak in the debate on any group of amendments should press their request-to-speak buttons now, or as soon as possible after I call the group. Members should now refer to the marshalled list of amendments, and we will get started.

Section 8—Ministerial guidance

The Deputy Presiding Officer: Amendment 1, in the name of the Cabinet Secretary for Finance, Employment and Sustainable Growth, is grouped with amendment 2.

The Cabinet Secretary for Finance, Employment and Sustainable Growth (John Swinney): The Delegated Powers and Law Reform Committee recommended in its stage 1 report on the bill that, where Scottish ministers give guidance to revenue Scotland under section 8 of the bill, a copy of that guidance should be laid before Parliament as well as being published. Amendments 1 and 2 will give effect to that recommendation.

I move amendment 1.

Amendment 1 agreed to.

Amendment 2 moved—[John Swinney]—and agreed to.

After section 37

The Deputy Presiding Officer: Amendment 3, in the name of the cabinet secretary, is grouped with amendments 4 to 6 and 89 to 92.

John Swinney: The amendments in the group relate to the Scottish tax tribunals that will be established by part 4 of the bill, and are entirely technical in nature. Amendments 3, 4 and 5 will simply bring certain provisions of the bill into line with corresponding provisions in the Courts

Reform (Scotland) Bill and the Tribunals (Scotland) Act 2014.

Amendment 6 will require Scottish ministers to consult the president of the Scottish tribunals, and such other persons as they consider appropriate, before making tribunal rules.

Amendment 89 relates to the eligibility criteria for the appointment of the president of the tax tribunals. The intention is to align the criteria with those for legal members of the upper tax tribunal.

Amendment 92 seeks to give effect to a recommendation of the Delegated Powers and Law Reform Committee by providing that any rules that are made by Scottish ministers about the procedure that is to be followed in proceedings at a fitness assessment tribunal are to be published.

I believe that the amendments in this group make minor and sensible adjustments.

I move amendment 3.

Iain Gray (East Lothian) (Lab): I welcome and support the amendments. They will bring the bill into line with corresponding provisions in the Courts Reform (Scotland) Bill, which seems right and proper, and with the effect that, in dealing with cases, the upper tribunal will have the same powers in relation to the petition as the Court of Session would have had.

In particular, we support amendment 89, which will bring the criteria for appointment of the president of the tax tribunals into line with the criteria for appointment of legal members of the upper tribunal. In so doing, it will rightly ensure that a person will be eligible for appointment only if that person has the qualifications, experience and training in tax law and practice that Scottish ministers consider to be appropriate.

The amendments in group 2 are welcome, and we support them.

Nigel Don (Angus North and Mearns) (SNP): As convener of the Delegated Powers and Law Reform Committee, I thank the cabinet secretary for taking on board our comments. A principle that we have adhered to in recent times is that we would like all guidance to be published. There seems to be no good reason why that should not be the case, and we are grateful to the cabinet secretary for taking our view on board.

John Swinney: I welcome the comments of Mr Don and Mr Gray. The amendments in the group will bring the relevant provisions into line with other elements of statute and will strengthen the bill, as a consequence.

Amendment 3 agreed to.

Section 41—Venue for hearings

Amendments 4 and 5 moved—[John Swinney]—and agreed to.

Section 46—Tribunal rules

Amendment 6 moved—[John Swinney]—and agreed to.

Section 59—Meaning of “artificial”

The Deputy Presiding Officer: We come to group 3. Amendment 7, in the name of the cabinet secretary, is in a group on its own.

John Swinney: Amendment 7 addresses an issue that was raised by the Finance Committee in its stage 1 report on the bill, and by Mr Chisholm at stage 2. It relates to condition B of the general anti-avoidance rule, which provides that a tax avoidance arrangement is artificial if it lacks economic or commercial substance. Amendment 7, together with the amendments that the Finance Committee agreed to at stage 2, will put it beyond doubt that condition B of the general anti-avoidance rule extends to transactions between individuals as well as to commercial transactions between companies. I believe that clarifying the scope of the GAAR in that way is a useful and sensible amendment, and I am grateful to Mr Chisholm for raising the point at stage 2.

I move amendment 7.

Iain Gray: I support amendment 7 and welcome the cabinet secretary's recognition of the concerns that were raised at stages 1 and 2 by the committee, to which he has now responded.

As he said, amendment 7 will put it beyond doubt that condition B of the GAAR applies to transactions between individuals as well as to those between companies or businesses. Mr Chisholm pursued that point during stage 2, and we are delighted that the Scottish Government has recognised the point and has lodged the required amendment.

Amendment 7 agreed to.

Section 63—Notice to taxpayer of proposed counteraction of tax advantage

The Deputy Presiding Officer: We move on to group 4. Amendment 8, in the name of the cabinet secretary, is grouped with amendments 8 to 16, 18, 22 to 26, 32 to 36, 62, 68 to 70, 73, 76 to 79, 81 to 85, 93 to 96, 106, 116 to 118 and 121.

John Swinney: Although there are a large number of amendments in this group, they are all for a single purpose—to insert into the bill and the two tax-specific acts new sections that will provide that any notice, application or other communication from a taxpayer to revenue Scotland must be in the form and manner, and

contain the information, that are specified by revenue Scotland. That, in turn, will make it possible to remove a large number of specific references throughout the bill and the two previous tax acts that require notices to be “in writing”.

I have always made it clear that we want to put in place a tax system that is simple to operate and user-friendly for taxpayers and their agents, and the amendments will give revenue Scotland the flexibility to provide for secure electronic communication with taxpayers and their agents while still allowing for paper or other forms of communication in appropriate cases.

I move amendment 8.

Amendment 8 agreed to.

Amendments 9 and 10 moved—[John Swinney]—and agreed to.

15:30

Section 64—Final notice to taxpayer of counteraction of tax advantage

Amendment 11 moved—[John Swinney]—and agreed to.

Section 69—Duty to keep and preserve records

Amendments 12 and 13 moved—[John Swinney]—and agreed to.

Section 74—Amendment of return by taxpayer

Amendment 14 moved—[John Swinney]—and agreed to.

Section 75—Correction of return by Revenue Scotland

Amendment 15 moved—[John Swinney]—and agreed to.

Section 78—Amendment of self-assessment during enquiry to prevent loss of tax

Amendment 16 moved—[John Swinney]—and agreed to.

The Deputy Presiding Officer (John Scott): We move to group 5. Amendment 17, in the name of the cabinet secretary, is the only amendment in the group.

John Swinney: Section 78 provides that a taxpayer must pay any tax that is due when revenue Scotland gives a notice of amendment under section 78. That is not quite right, because the point at which payment is due should be when the taxpayer receives the notice, not when

revenue Scotland issues it. Amendment 17 seeks to make that change.

I move amendment 17.

Amendment 17 agreed to.

Section 84—Completion of enquiry

Amendment 18 moved—[John Swinney]—and agreed to.

Section 89—Assessment where loss of tax

The Deputy Presiding Officer: We move to group 6. Amendment 19, in the name of the cabinet secretary, is grouped with amendments 20, 21, 30, 31, 37, 38, 74, 86 to 88, 99, 100 to 103, 105, 107, 108, 110, 111, 113, 120, 122 and 124.

John Swinney: These 25 amendments are minor and technical in nature and in general will improve the clarity and consistency of the bill's provisions, and the interface between the bill's overarching framework and the first two tax-specific acts. Amendment 124 ensures that the Procurement Reform (Scotland) Act 2014 will, when it comes into force, apply to revenue Scotland in the same way that it will apply to other public bodies in Scotland.

I move amendment 19.

Amendment 19 agreed to.

Section 96—Assessment procedure

Amendments 20 and 21 moved—[John Swinney]—and agreed to.

Section 115—Power to obtain information and documents from taxpayer

Amendment 22 moved—[John Swinney]—and agreed to.

Section 116—Power to obtain information and documents from third party

Amendment 23 moved—[John Swinney]—and agreed to.

Section 119—Power to obtain information and documents about persons whose identity is not known

Amendment 24 moved—[John Swinney]—and agreed to.

Section 122—Power to obtain information about persons whose identity can be ascertained

Amendment 25 moved—[John Swinney]—and agreed to.

Section 125—Producing copies of documents

Amendment 26 moved—[John Swinney]—and agreed to.

Section 127—Information notices: general restrictions

The Deputy Presiding Officer: We move to group 7. Amendment 27, in the name of John Swinney, is the only amendment in the group.

John Swinney: Section 94(4)(a) imposes a three-year time limit after a taxpayer has died for revenue Scotland to issue an assessment to the taxpayer's personal representatives, and amendment 27 will bring the time limit for an information notice that is given in connection with a deceased taxpayer into line with that section.

I move amendment 27.

Amendment 27 agreed to.

Section 135A—Carrying out inspections under section 133 or 134: further provision

The Deputy Presiding Officer: We move to group 8. Amendment 28, in the name of the cabinet secretary, is grouped with amendment 29.

John Swinney: Although section 140 provides a power to enter business premises and to take samples of material, it is not, as the bill stands, supported by a penalty. On reflection, I think it right that a person who obstructs a designated officer in the exercise of that power should be liable to a penalty under section 167. Amendment 28 seeks to provide for that by bringing the power to take samples of material on premises within the scope of a designated officer's powers under section 135A. That means that we no longer need a power of entry coupled with the power to take samples.

Moreover, section 167(1)(b) provides that a person is liable to a penalty for obstructing an officer exercising any power under section 135A. Amendment 29 is consequential on amendment 28.

I move amendment 28.

Amendment 28 agreed to.

Section 140—Power to take samples

Amendment 29 moved—[John Swinney]—and agreed to.

Section 143—Computer records

Amendment 30 moved—[John Swinney]—and agreed to.

Section 144—Review or appeal against information notices

Amendment 31 moved—[John Swinney]—and agreed to.

Section 145—Disposal of reviews and appeals in relation to information notices

Amendments 32 and 33 moved—[John Swinney]—and agreed to.

Section 146—Offence of concealing etc documents following information notice

Amendment 34 moved—[John Swinney]—and agreed to.

Section 147—Offence of concealing etc documents following information notification

Amendments 35 and 36 moved—[John Swinney]—and agreed to.

Section 150B—Land and buildings transaction tax: 3 month penalty for failure to make return

Amendments 37 and 38 moved—[John Swinney]—and agreed to.

Section 151—Penalty for failure to pay tax

The Deputy Presiding Officer: We move to group 9. Amendment 39, in the name of the cabinet secretary, is grouped with amendments 40 to 44.

John Swinney: Amendments 39 and 40 address an issue that Gavin Brown raised at stage 2 about the date after which a taxpayer becomes liable to a penalty for late payment of tax. Section 151 provides that, for both devolved taxes, the taxpayer becomes liable to a penalty for late payment of tax on the day after payment was due. At stage 2, Mr Brown suggested that that could be harsh and asked whether there was scope for flexibility.

After considering the matter further, I believe that it would be fair to give the taxpayer 30 days to pay any overdue tax in relation to a land and buildings transaction tax return before they become liable for a penalty for late payment. However, I do not believe that a similar amendment is necessary in relation to a Scottish landfill tax return. Landfill operators will be required to make regular quarterly returns, so they will be fully aware of their tax obligations.

The amendments in the group will also give the taxpayer 30 days to pay tax that is due in relation to a revenue Scotland amendment under section 78, and a revenue Scotland determination under section 86, before becoming liable to a penalty. At

present, a penalty would be imposed immediately in both cases. On reflection, I believe that it would be fair to give the taxpayer 30 days to pay tax that is due before becoming liable to pay a penalty for late payment. I am grateful to Mr Brown for raising the issue at stage 2.

I move amendment 39.

Gavin Brown (Lothian) (Con): I support the amendments and am grateful to the cabinet secretary for lodging them. The idea of an instant penalty struck me as being a little harsh in some cases. The flexibility and changes that he has proposed strike the right balance, so I am pleased to support the amendments.

Amendment 39 agreed to.

Amendments 40 to 44 moved—[John Swinney]—and agreed to.

Section 152—Interaction of penalties under section 150 with other penalties

The Deputy Presiding Officer: We move to group 10. Amendment 45, in the name of the cabinet secretary, is grouped with amendments 46 to 61, 63 to 67, 71 and 72.

John Swinney: At stage 2, a number of amendments were made to part 8, which is on penalties, including the addition of a number of sections on penalties for failing to make a tax return and failing to pay tax. The amendments in the group will tidy cross-references in part 8 following the addition of the sections, and will align section 152 with the approach that is taken in section 181B, which was added at stage 2.

I move amendment 45.

Amendment 45 agreed to.

Amendments 46 and 47 moved—[John Swinney]—and agreed to.

Section 153—Interaction of penalties under section 151 with other penalties

Amendment 48 moved—[John Swinney]—and agreed to.

Section 154—Reduction in penalty under section 150 for disclosure

Amendment 49 moved—[John Swinney]—and agreed to.

Section 155—Suspension of penalty under section 151 during currency of agreement for deferred payment

Amendment 50 moved—[John Swinney]—and agreed to.

Section 156—Special reduction in penalty under sections 150 and 151

Amendment 51 moved—[John Swinney]—and agreed to.

Section 157—Reasonable excuse for failure to make return or pay tax

Amendments 52 and 53 moved—[John Swinney]—and agreed to.

Section 158—Assessment of penalties under sections 150 and 151

Amendments 54 to 58 moved—[John Swinney]—and agreed to.

Section 159—Time limit for assessment of penalties under sections 150 and 151

Amendments 59 to 61 moved—[John Swinney]—and agreed to.

Section 161—Suspension of penalty for careless inaccuracy under section 160

Amendment 62 moved—[John Swinney]—and agreed to.

Section 164—Special reduction in penalty under sections 160, 162 and 163

Amendment 63 moved—[John Swinney]—and agreed to.

Section 165—Reduction in penalty under sections 160, 162 and 163 for disclosure

Amendment 64 moved—[John Swinney]—and agreed to.

Section 166—Assessment of penalties under sections 160, 162 and 163

Amendments 65 to 67 moved—[John Swinney]—and agreed to.

Section 171—Concealing, destroying etc documents following information notice

Amendment 68 moved—[John Swinney]—and agreed to.

Section 172—Concealing, destroying etc documents following information notification

Amendments 69 and 70 moved—[John Swinney]—and agreed to.

Section 181B—Interaction of penalties under section 181 with other penalties

Amendments 71 and 72 moved—[John Swinney]—and agreed to.

Section 193—Power to obtain details

Amendment 73 moved—[John Swinney]—and agreed to.

Section 195—Penalty

Amendment 74 moved—[John Swinney]—and agreed to.

Section 198—Appealable decisions

The Deputy Presiding Officer: We move to group 11. Amendment 75, in the name of the cabinet secretary, is grouped with amendments 80 and 97.

John Swinney: Amendment 75 provides that any decision that revenue Scotland makes in relation to the registration of a person for tax purposes will be both appealable and reviewable. That is particularly relevant to sections 22 and 23 of the Landfill Tax (Scotland) Act 2014.

Amendment 80 corrects section 210 of the bill by providing that, in certain circumstances, the general rule that tax, penalties and interest are payable pending review or appeal will not apply. Amendment 97 will ensure consistency with the rule that all notices of appeal are given to the tribunal and not revenue Scotland.

I move amendment 75.

Amendment 75 agreed to.

Section 200—Notice of review

Amendment 76 moved—[John Swinney]—and agreed to.

Section 201—Late notice of review

Amendment 77 moved—[John Swinney]—and agreed to.

Section 207—Notice of appeal

Amendment 78 moved—[John Swinney]—and agreed to.

Section 208—Late notice of appeal

Amendment 79 moved—[John Swinney]—and agreed to.

Section 210—Reviews and appeals not to postpone recovery of tax

Amendment 80 moved—[John Swinney]—and agreed to.

Section 211—Settling matters in question by agreement

Amendment 81 moved—[John Swinney]—and agreed to.

Section 212—Application of this Part to joint buyers

Amendment 82 moved—[John Swinney]—and agreed to.

Section 213—Application of this Part to trustees

Amendment 83 moved—[John Swinney]—and agreed to.

Section 215—Interpretation

Amendment 84 moved—[John Swinney]—and agreed to.

Before section 216

Amendment 85 moved—[John Swinney]—and agreed to.

Section 218—Subordinate legislation

Amendments 86 to 88 moved—[John Swinney]—and agreed to.

Schedule 2—The Scottish Tax Tribunals

Amendments 89 to 92 moved—[John Swinney]—and agreed to.

Schedule 3—Claims for relief from double assessment and for repayment

Amendments 93 to 97 moved—[John Swinney]—and agreed to.

Schedule 4—Minor and consequential modifications

The Deputy Presiding Officer: We move to group 12. Amendment 98, in the name of the cabinet secretary, is in a group on its own.

John Swinney: Amendment 98 will amend the Debtors (Scotland) Act 1987 to ensure that the same enforcement machinery that is available to Her Majesty's Revenue and Customs for the recovery of tax, penalties and interest that are owed by taxpayers is also available to revenue Scotland.

The bill provides ample opportunities for taxpayers to challenge decisions that are taken by revenue Scotland if they disagree with them. However, once legal liability for tax has finally been determined, if a taxpayer fails to pay the tax that is due, revenue Scotland should be able to enforce that debt effectively, in the same way as HMRC.

I move amendment 98.

Amendment 98 agreed to.

Amendments 99 to 103 moved—[John Swinney]—and agreed to.

The Deputy Presiding Officer: We move to group 13. Amendment 104, in the name of the cabinet secretary, is grouped with amendments 109, 112, 114, 115, 119 and 123.

John Swinney: Schedule 4 to the Revenue Scotland and Tax Powers Bill makes a number of final consequential amendments to both tax-specific acts to ensure that they fit together properly and seamlessly with the overarching framework that is set out in the bill.

Amendments 104, 109 and 112 relate to amendments to the Land and Buildings Transaction Tax (Scotland) Act 2013. Amendment 109 is the main substantive amendment in relation to those three amendments and concerns recovery of land and buildings transaction tax reliefs. The reliefs in question are group relief, reconstruction relief and acquisition relief, all of which must be claimed by the taxpayer in a land transaction return.

The LBTT act already provides for the withdrawal of those reliefs when the circumstances that justify relief are no longer in place, in which case the taxpayer must pay the tax for which they had earlier claimed. The legislative machinery that will be introduced by amendment 109 empowers revenue Scotland to recover those sums of tax and makes appropriate adjustments to the Revenue Scotland and Tax Powers Bill for that purpose.

Amendments 114, 115, 119 and 123 relate to amendments to the Landfill Tax (Scotland) Act 2014.

Amendment 119, which allows for the alignment of waste data return periods and Scottish landfill tax return periods, was proposed in the consultation paper that we published in May 2014 on Scottish landfill tax subordinate legislation. I can confirm to Parliament that our proposals for aligning environmental and tax returns were welcomed by stakeholders. Aligning the periods will allow for greater clarity when conducting compliance checks, and for greater information technology synergies between the Scottish Environment Protection Agency and revenue Scotland while, we hope, reducing some of the administrative burden on landfill operators.

The other amendment in the group that I will draw particular attention to is amendment 114, which will allow the forthcoming Scottish landfill tax regulations to penalise failures to use weighbridges. The aim is to deter landfill operators from taking advantage of using alternative methods of calculating weight when there is a working weighbridge on site. Amendment 123 will ensure that any penalty provisions that are

included in regulations are subject to affirmative procedure.

I move amendment 104.

Amendment 104 agreed to.

Amendments 105 to 124 moved—[John Swinney]—and agreed to.

The Deputy Presiding Officer: That ends consideration of amendments.

Revenue Scotland and Tax Powers Bill

The Deputy Presiding Officer (John Scott):

The next item of business is a debate on motion S4M-10822, in the name of John Swinney, on the Revenue Scotland and Tax Powers Bill.

15:44

The Cabinet Secretary for Finance, Employment and Sustainable Growth (John Swinney): The Revenue Scotland and Tax Powers Bill has two main purposes. First, it will establish revenue Scotland as the tax authority responsible for the collection and management of the two devolved taxes—the land and buildings transaction tax and the Scottish landfill tax—when they come into operation on 1 April 2015. The first two tax-specific acts are, of course, already on the statute book.

Secondly, the bill sets out in one place the statutory framework within which revenue Scotland will operate. That includes revenue Scotland's constitution; the relationship between the taxpayer and the tax authority; revenue Scotland's investigation and enforcement powers; and the new two-tier Scottish tax tribunals that will hear appeals against decisions that revenue Scotland has taken. It also includes a robust and distinctive approach to tackling tax avoidance, which I will say more about in a moment.

I am grateful for the very detailed and thorough scrutiny that the Finance Committee undertook at stages 1 and 2. Many of the amendments to the bill that have been agreed to at stages 2 and 3 reflect recommendations from the Finance Committee and the Delegated Powers and Law Reform Committee. The bill has been significantly improved during its parliamentary passage as a result. I put on record my thanks to both committees for the work that they have done.

We took the opportunity to lodge at stage 3 a significant number of minor and technical amendments that are designed to improve the clarity and consistency of the bill and the interface between the overarching framework and the first two tax-specific acts. I believe that those final amendments provide greater clarity, coherence and consistency across the full package of devolved tax legislation.

I would like to take a few moments to highlight some of the distinctive aspects of the new framework for the collection and management of devolved taxes.

Part 2 of the bill provides for the establishment of revenue Scotland as an office-holder in the Scottish Administration. That means that it will be

directly accountable to the Parliament, not ministers. The bill sets out revenue Scotland's statutory functions, with an emphasis on providing a service to taxpayers and their agents, and not just on collecting the devolved taxes.

The bill also places a duty on revenue Scotland to prepare and publish a charter that sets out the standards of behaviour and values that will be expected of taxpayers and which taxpayers can expect of revenue Scotland. Revenue Scotland is required to consult on the terms of the charter. That will provide a genuine opportunity for input from stakeholders and the wider public on the nature of the relationship between the taxpayer and the tax authority.

Part 4 establishes the Scottish tax tribunals, which will comprise a first tier and an upper tier under the leadership of a president. As colleagues will recall, the Parliament recently passed the Tribunals (Scotland) Act 2014, which paves the way for the establishment of the new unified Scottish tribunals. The intention is that, early in 2017, the tax tribunals will become part of the Scottish tribunals. However, arrangements need to be in place to hear appeals about the devolved taxes from 1 April 2015, so we need to establish self-standing tax tribunals for an interim period until the new unified arrangements are fully operational.

Part 5 sets out a general anti-avoidance rule, or GAAR. I am sure that I have support across the chamber for establishing a Scottish general anti-avoidance rule that takes the most robust approach possible to tax avoidance in relation to any devolved taxes. Artificial tax avoidance arrangements are unacceptable, and part 5 provides powers for revenue Scotland to take effective counteraction against any such schemes.

The bill provides two separate definitions of "artificiality"—condition A and condition B—to ensure that our approach is as wide ranging and comprehensive as possible. Condition A allows revenue Scotland to take counteraction where a tax avoidance arrangement is not a reasonable course of action, having regard to the principles and policy objectives on which the relevant tax legislation is based and to whether the arrangement is intended to exploit any shortcomings in that legislation. That will allow revenue Scotland, the Scottish tax tribunals and the courts to look at the spirit and intention of tax legislation, and not just the strict letter of the law. I believe that that purposive approach to legislation, supported by clear guidance from revenue Scotland to which the courts and tribunals must have regard, will make it possible to defeat ingenious but artificial and contrived avoidance schemes far more effectively than has previously been the case.

Condition B allows revenue Scotland to take counteraction against tax avoidance arrangements that lack either economic or commercial substance. It also sets out a number of examples that might indicate that an arrangement lacks economic or commercial substance—for example, if it is carried out in a manner that would not normally be employed in reasonable business conduct or consists of transactions that are circular in nature.

The amendments agreed to by Parliament at stage 3 further reinforce that approach by making it clear that the test relating to a lack of economic or commercial substance applies to transactions between individuals as well as to commercial transactions between companies. I am grateful to Malcolm Chisholm for raising that point at stage 2.

The approach that we have adopted to tackling tax avoidance is based on straightforward, commonsense tests that ordinary taxpayers would understand and endorse. I envisage that we would extend very much the same robust approach that we have adopted to tax avoidance in the bill if we were to take the opportunity to become responsible for other taxes.

Throughout the bill we have tried to strike a fair balance between the taxpayer on the one hand and the tax authority on the other. With that in mind, the bill ensures that taxpayers will have various opportunities to challenge decisions that are taken by revenue Scotland without having to resort to expensive legal action. First, they will be able to ask revenue Scotland to carry out an internal review, which will be undertaken by a person not associated with the original decision. If that does not resolve the dispute, revenue Scotland and the taxpayer will be able to enter into independent, third-party mediation if both parties agree to do so. Secondly, there will be a right of access to the new, two-tier Scottish tax tribunals and, ultimately, on a point of law, to the Court of Session. Those arrangements are robust and credible and will provide Scottish taxpayers with confidence in the administration of devolved taxes.

Part 8 sets out a penalties regime. In response to recommendations from both the Finance Committee and the Delegated Powers and Law Reform Committee, we lodged amendments at stages 2 and 3 to set out the detail of the penalties regime in full, including all penalty amounts. At the same time, the bill provides the flexibility for changes to the penalties regime to be made by order subject to the affirmative procedure, should that prove necessary in the light of experience.

The bill's implementation will involve putting in place a significant amount of subordinate legislation by 1 April 2015, which is when revenue Scotland will come into being. Later this year, I intend to publish a consultation paper

accompanied by drafts of all the subordinate legislation that needs to be in place by 1 April 2015. That will provide a full opportunity for consultation with interested parties well before the draft orders are laid before Parliament early in the new year. We have already published consultation papers setting out the proposed subordinate legislation for the land and buildings transaction tax and the Scottish landfill tax.

Although we are assuming responsibility for the collection and management of only a small portion of taxation, this is a new and exciting opportunity for the Scottish Parliament. Throughout the process there has been extensive consultation with the tax and legal professions as well as other stakeholders. The tax consultation forum and the devolved tax collaborative that we established have been closely involved throughout the process. We will maintain that open and consultative approach as we move towards the implementation of the devolved taxes on 1 April 2015.

I thank the Finance Committee once again for the very positive and constructive approach that it has taken throughout the bill's parliamentary passage. The bill as passed is much the better for it. It provides a robust framework for the collection and management of the first two devolved taxes when they come into force on 1 April 2015. It also provides a solid foundation on which we can build in the event of this Parliament becoming responsible for a wider range of taxes.

I move,

That the Parliament agrees that the Revenue Scotland and Tax Powers Bill be passed.

15:53

Iain Gray (East Lothian) (Lab): In the stage 1 debate, I quoted Albert Einstein, as I do whenever I am given the opportunity. Einstein said:

“The hardest thing in the world to understand is the income tax.”

I doubt that Einstein ever had to worry about land and buildings transaction tax, and he certainly did not have to worry about landfill tax, so we can probably assume he was talking about the complexity of tax in general. When I looked back at that stage 1 debate, I saw that most of us began by noting how dull tax legislation is considered to be and how complicated it turns out to be—although I have spotted one accountant of my acquaintance who has been drawn to the public gallery by our deliberations, so these things are a matter of taste.

Perhaps it is a sign of the times that we live in that today's debate—technical, pragmatic and, above all, consensual—feels rather like light relief

from what passes for political discourse the rest of the time at the moment. The fact is that although we began with the shared purpose of creating revenue Scotland to administer and manage the devolved taxes—the landfill tax and the land and buildings transaction tax—it still turned out to be a complex task to get right sometimes, despite that consensus and shared purpose. That is all the more reason to congratulate the bill team on its work in drafting and redrafting the legislation to get us to the position that we are in today, where I think that we can be sure that the bill will be passed overwhelmingly—indeed, unanimously—at decision time.

The Finance Committee, on which I do not sit, deserves our thanks, too: first, for taking comprehensive, complicated and exhaustive evidence on the bill at stage 1; and, secondly, for dealing with some 300 amendments at stage 2. Perhaps unusually for me, I also want to praise the cabinet secretary for his efforts in steering the legislation through, including the further 140 amendments dealt with today. There have been almost 450 amendments since the bill was introduced and although we dealt with the 140 amendments in pretty short order this afternoon, they included some significant improvements in response to the committee's scrutiny of the bill. I will mention some of them in a moment.

As the cabinet secretary noted, today marks not just the completion of the passage of the Revenue Scotland and Tax Powers Bill but the completion of a trilogy of linked bills that create the first devolved national taxes and the body that will administer and manage them. Therefore, we are completing a significant task today, and I am tempted to say to the cabinet secretary that, apart from pursuing the important matter of a future for the Ferguson shipyard, perhaps he should take the next few weeks off, put his feet up and stay out of trouble. However, I expect that he has other plans, which is a pity in a way because the task that he is completing today is real proof of the power and flexibility of the devolution settlement that I fear he will spend the next four weeks trying to destroy.

The three bills, of which this is the third, derive, of course, from the Calman process and the consequent Scotland Act 2012. They constitute a significant step forward in rebalancing the devolution settlement by securing new fiscal powers and decision making for this Parliament without breaking the social, economic and political union with the rest of the United Kingdom that provides us with such significant opportunities. Nonetheless, we have consensus for today on the bill.

That consensus started with the approach that was taken to creating a new tax system—the

fundamental principle. The cabinet secretary made much of his starting point being Adam Smith's four maxims for a tax system: certainty, convenience, efficiency and proportionality in relation to the ability to pay. He was right, and has had support across the chamber for that principle-based approach to the legislation.

It has been interesting to see how turning those maxims into detailed legislation is less straightforward than might have been assumed, as they can sometimes contradict themselves, but I think that some of the 400-odd amendments have taken us in the right direction. For example, we now have on the face of the bill greater certainty over penalties. More important, amendments both at stage 2 and at stage 3 today have made the definitions of what constitutes tax avoidance much clearer and more certain.

As the cabinet secretary knows, we have supported his approach to tax avoidance from the start. We agree with him that we should have a general anti-avoidance rule rather than a general anti-abuse rule. We agree that the double reasonableness test should be avoided, that the test should be of artificiality rather than of abusiveness and that arrangements where tax avoidance is one of the purposes—not just the sole or main purpose—should also be caught by the general rule. In other words, we agree with the cabinet secretary that the net should be cast wider than in previous legislation—as, indeed, it has been.

However, we have pursued further clarity, notably through Malcolm Chisholm in committee, and I am glad to acknowledge once again that the cabinet secretary has put it beyond doubt that the general rule applies to transactions between individuals as well as companies or businesses.

In his speech, the cabinet secretary referred to the consultation, guidance and secondary legislation that will follow the passing of the bill. We should acknowledge that there is still work to be done. Indeed, we will not know whether the bill meets the maxim of efficiency until it is tested in action; of certainty until consequent guidance and secondary legislation are completed; or of proportionality until tax rates are actually announced, which will have to happen quite soon, as the cabinet secretary must know.

However, we can claim a good piece of legislation—one that has been improved by the legislative process and which can, should and will, I am sure, be supported at decision time.

16:00

Gavin Brown (Lothian) (Con): It has been interesting and rewarding to be involved with the bill. I am extremely grateful to Professor Gavin

McEwen, who gave expert advice to the Finance Committee, and to all other stakeholders who participated in round-table discussions, gave formal evidence and wrote in to try to explain some of the finer complexities of tax.

Iain Gray quite rightly quoted Smith's maxims. All those maxims have great merit on their own, but it has been very interesting to see that it is far trickier to obey them all at the same time in practice than in theory.

Although there was praise for most of the bill at stage 1, the biggest criticism that was made related to the provisions on penalties. Things had not been done quite rightly in that area and there was a strong view among stakeholders that the circumstances, amounts and factors to be taken into account ought to be on the face of the bill, and that procedure and administration could be left to secondary legislation. The bill team and the cabinet secretary acknowledged that during stage 1 and, helpfully and rightly, the cabinet secretary lodged a raft of amendments at stage 2.

The penalties provisions are now far clearer and have far broader support than they would have had if they had been left as they were at stage 1. For example, section 150, on failure to make a return, previously had no amount attached and simply gave the Government the power to produce regulations. Now, after amendments were agreed to at stage 2, firm amounts have been put against what would be paid in the absence of a return. The provisions have been helpfully divided into time periods: returns that are three, six or 12 months late will be treated differently and receive different penalties. Also, penalties have been split between the two taxes: the regime for land and buildings transaction tax is slightly different from that for landfill tax. Section 150 now does what it ought to do and gives some certainty, but, as the cabinet secretary said, the bill still allows the Government a degree of flexibility to make changes by order, should circumstances prove that to be necessary.

Another example relates to section 160, which is about penalties for an error in the tax return. Previously no penalty amount was set out; it was simply the case that regulations could be brought forward at some point. Now a clear percentage has been set out on what the penalty might be in relation to the tax. Indeed, it is quite helpful that the bill now splits the penalty into two categories: one for deliberate inaccuracies by the person completing the return; and one for inaccuracies that are deemed to be careless as opposed to deliberate. Those two categories are treated separately, as most people would argue they ought to be.

We now have consistency: the regime hangs together and makes sense to taxpayers. All those

changes were welcomed when they were made and I welcome them again.

During this afternoon's discussion of amendments, the cabinet secretary touched on the issue of a penalty for failure to pay tax. Everyone in the chamber agreed to today's amendments in that regard. Previously, I had some concerns over the provision: there would have been, in effect, an instant penalty if the tax was not paid on or before the due date, which was a little harsh. The cabinet secretary agreed to reflect on the matter, and what has emerged is a good set of amendments that we considered today. They provide that, at least in the case of LBTT, taxpayers will have 30 days to pay the penalty.

There was criticism of the proposals for a charter of standards and values. The bill as introduced seemed to put a slightly greater obligation on the taxpayer than it did on revenue Scotland. Taxpayers had to obey; revenue Scotland had to "aspire" to the standards in the charter. The Government changed the wording, quite rightly, to provide that both sides must "adhere" to the charter. There will be reciprocity, as opposed to the balance being in favour of revenue Scotland.

Both the committees that considered the bill thought that ministerial guidance to revenue Scotland must be made public. That, too, has been provided for in an amendment that we considered today, which makes it clear that ministerial guidance will be laid before the Parliament.

The bill started well and has been improved, as the cabinet secretary said. We will happily support it at decision time.

16:06

Kenneth Gibson (Cunninghame North) (SNP): I thank the people who have been involved in the bill's progress: the members of the Finance Committee; committee clerks; the committee's adviser, Professor Gavin McEwen, who was mentioned by Gavin Brown; and the organisations and individuals who took the time to respond to the consultation and give evidence on the bill earlier this year.

It has been a long road, and from the outset the Finance Committee was aware of the complexities that are involved in a bill of this nature. As the committee's convener, I was conscious of the need for close scrutiny. The technicalities of the bill are reflected in the large proportion of committee time that we dedicated to it.

As members know, the Scotland Act 2012 devolved the power to raise taxes on land

transactions and waste disposal to landfill. With the passage of the Revenue Scotland and Tax Powers Bill, important changes to the Scottish taxation landscape will be implemented. The bill makes provision for a Scottish tax system to collect and manage the land and buildings transaction tax and Scottish landfill tax.

Furthermore, the bill will establish revenue Scotland, which will be a new non-ministerial department. As of 1 April 2015, that department will be the new tax authority responsible for collecting Scotland's devolved taxes. *[Interruption.]* The bill also provides for Scottish tax tribunals. *[Interruption.]*

The Deputy Presiding Officer: Microphone, Mr Gibson.

Kenneth Gibson: I apologise.

The Deputy Presiding Officer: That is much better. We can hear you now.

Kenneth Gibson: I can see how much attention members have been paying to my speech, given that I am about a third of the way through and I have only just realised that they could not hear me.

The Deputy Presiding Officer: Everyone was just enjoying you being quiet.

Kenneth Gibson: That is a great vote of confidence. Perhaps I should sit down now.

Under the bill, the relationship between the tax authority and taxpayers will be clarified. I am optimistic that the bill creates a strong statutory framework for devolved taxes, clearly defining the duties, rights and powers of the tax authority and taxpayers.

The framework is strongly underpinned by the principles of anti-avoidance, and the establishment of the anti-avoidance rule will enable the new body, revenue Scotland, to combat avoidance schemes that permit tax advantages. The approach is strongly supported by the Finance Committee and the Cabinet Secretary for Finance, Employment and Sustainable Growth.

Since the Parliament last debated the bill, the Finance Committee has considered amendments at stage two—more than 300 of them, as Iain Gray said. That involved a lengthy session with the cabinet secretary and his officials. The cabinet secretary demonstrated the importance of keeping fit as he nimbly responded to the myriad of amendments.

Many amendments related to minor technical or consequential issues and most concerned the drafting of the bill. For example, there was clarification that members of the Northern Ireland Assembly and National Assembly for Wales, like their Scottish and UK equivalents, are not eligible

to stand for appointment to revenue Scotland, and that revenue Scotland must specifically address taxpayers and their agents in providing assistance and information. Tribunal procedures were clarified, in accordance with the Tribunals (Scotland) Act 2014.

Other amendments were lodged as a result of the committee's scrutiny and recommendations. Of note are amendments to section 10, "Charter of standards and values" and section 13, "Use of information by Revenue Scotland". Amendments were agreed to that will further protect taxpayers' confidential information and ensure that revenue Scotland performs in an ethically sound manner.

Importantly, the general anti-avoidance framework was simplified following feedback from the committee's consultations. Previously, three types of revenue Scotland officer had been proposed, but that has been refined and reduced to one. Revenue Scotland officers will now have the required specialist skills and level of seniority to adequately deal with the matters before them, which will ensure that procedures are dealt with and will eliminate unnecessary bureaucracy.

With the support of the committee and the cabinet secretary, as well as contributors such as the Scottish Trades Union Congress and Unison, further amendments were added to the general anti-avoidance rule. As it is the fundamental cornerstone of the bill, the amendments were carefully considered. In all, the changes will better secure the robustness of the legislation and ensure that it is fair.

I conclude by restating my firm support for the transfer of financial powers to the Scottish Parliament and by reiterating my thanks to my fellow committee members and all other contributors, notably the bill team and the Cabinet Secretary for Finance, Employment and Sustainable Growth. I believe that the bill is an important milestone that caters for the provision of future tax decisions being made in Scotland. It has been taken forward in a positive way by all parties in the Parliament, which was exemplified by the fact that there were no divisions at stage 3. I am sure that I speak for all my Finance Committee colleagues when I say that the bill has only whetted our appetite for further tax legislation in the months and years ahead.

16:11

Michael McMahon (Uddingston and Bellshill) (Lab): According to Denis Healey,

"The difference between tax avoidance and tax evasion is the thickness of a prison wall."

The former chancellor was absolutely right because, although tax avoidance is simply clever financial planning, tax evasion is illegal. It is

understandable that, at a time when high-profile millionaire celebrities and multinational companies have been highlighted, the focus of deliberations on taxation is on that issue. It has become apparent that the public care more deeply than ever that we do not have a tax system that permits freeloaders.

The Scottish Government has got the balance just about right in legislating on how revenue Scotland will be tasked with dealing with avoidance and evasion within its responsibilities. There is flexibility in the rules but enough clarity to ensure that the rules are firm enough to follow. The amendments that the cabinet secretary has made and accepted have helped to clarify some areas in which there was originally some doubt. We had to get it right, because tax avoidance could have serious implications for business as a whole. There could also be implications for the public perception of our tax system. The system must maintain public confidence, and the perception that others can avoid their responsibilities can damage that confidence.

The clear view of the tax professionals who gave evidence to the Finance Committee was that the level of public scrutiny 10 years ago was much less than it is now. We heard that tax avoidance is not necessarily any greater than it was in years gone by, but that the greater public awareness of all the issues means that, when certain individuals or companies do not contribute their fair share to the public purse, there is a heightened sense of outrage. Those concerns are justified, which is why, when avoidance occurs, we have to make it easier to take action. I believe that the bill will do that.

In relation to the landfill tax, any avoidance could create economic distortions, as a business could seek a competitive advantage by acting illegally to avoid paying tax. I have visited the new Scottish Environment Protection Agency premises at the Maxim Park development at Eurocentral in my constituency and was pleased to meet the dedicated team of investigators who have been tasked with pursuing companies that, by many and varied means, seek to avoid paying landfill tax. That effort is already bearing fruit and I am confident that, increasingly, we will clamp down on those who try to dodge their responsibilities.

I therefore have no hesitation in endorsing the bill and I congratulate the cabinet secretary on guiding it so effectively to this point. I also thank the convener of and adviser to the Finance Committee for their efforts to ensure that this technical and complex bill passed through the parliamentary process as smoothly as possible.

From an exchange that I had with the cabinet secretary earlier this afternoon, I know that he gets concerned when I break the consensus, so I will

not let him down. I will ask a question that has occurred to me. This bill and the two others that resulted from the further devolution of tax powers under the Scotland Act 2012 sailed through the legislative process on a sea of good will and widespread agreement. When the cabinet secretary came to the Finance Committee last week, his exasperation was evident that closure on the technical details of the block grant adjustment that is required under the new tax laws has not yet been achieved.

If the cabinet secretary cannot conclude in 18 months the process for a system that covers only 1.7 per cent of Scotland's income, with all the parties involved in total agreement on its desirability and efficacy, how on earth does he expect to negotiate, agree and deliver an entire transfer of powers, set up and conclude applications for membership of NATO, the European Union and other bodies and set up a currency union all within 18 months of a yes vote in September? I do not expect the cabinet secretary to answer that, or to have to answer it, because it is a purely hypothetical question.

I thank him for his efforts in bringing the devolved taxes to fruition and I look forward to seeing how revenue Scotland uses the powers that have been given to it to the betterment of our system of taxation in Scotland.

16:15

Willie Rennie (Mid Scotland and Fife) (LD): I am grateful to the committee, the advisers, the clerks and the Government officials for their detailed work over a long time.

It is striking that this afternoon's debate contrasts remarkably with the debates on the bill that we had a few months ago. It also contrasts with debates earlier this afternoon, when we were all heated. I felt the early adrenaline rush evaporate as this debate commenced.

The bill shows the effectiveness and value of devolution and the effectiveness of the Parliament. It is a direct consequence of the Scotland Act 2012. It is also a precursor to what I want to see: more powers being transferred to the Parliament here at Holyrood—perhaps only if there is a vote next month.

The bill also sets an important foundation for the expansion that I want of the Parliament's powers on income tax, capital gains tax, inheritance tax and many other areas so that the Parliament raises the majority of the money that it spends. I also presume that, for SNP members, it sets a foundation for independence.

When the bill and revenue Scotland were first proposed, the aspiration was set out to save

significant sums of money—I think that £250 million was mentioned—because we would have a much simpler, more flexible, more agile system of tax collection in comparison with Her Majesty's Revenue and Customs. Those ambitions will be tested on the two relatively small taxes for which we will be responsible initially. Everybody will watch closely to ensure that those bold ambitions are met, even if it is in a minor way.

As Iain Gray eloquently pointed out, the 450 or so amendments that have been made to the bill have revealed that raising tax is not a simple business. The people on the other side who want to avoid tax are smart and will spend a lot of time and money trying to avoid it. Therefore, we will have to work extremely hard and be extremely agile to ensure that we are as effective as, if not more effective than, HMRC.

HMRC has made some progress in recent years. It has managed to make 40 changes in tax law since 2010 and many of the loopholes have been closed. However, it is an on-going process to ensure that those who want to avoid tax are caught and make their contribution. Ultimately, we want public services to be properly and adequately funded to ensure that we get the services that we deserve and need.

I have great hopes for the bill. It is a great piece of work. I hope that it will be as effective as those who proposed it initially claimed that it would be.

With that, I pledge my party's support.

16:18

John Mason (Glasgow Shettleston) (SNP): I am pleased to be able to take part in the debate. Taxation may not be everyone's most exciting topic, but I find it extremely interesting, and the bill is particularly significant, as it is to become the underpinning legislation as we move forward, whatever the constitutional settlement.

As I said when I spoke on the subject in May, one of the problems of UK tax legislation has been its emphasis on the letter of the law as against the spirit or intention of the law. As a result, we have had situations in which the wider public has been clear that tax should have been paid but some taxpayers have avoided tax quite artificially. That has been referred to already.

That is particularly galling for ordinary members of the public who, whether employed, self-employed or retired, are pretty strictly regulated by the various tax authorities. Therefore, I welcome the more principles-based approach in the legislation. I hope that that approach will also be taken in future Scottish tax bills.

On the subject of principles, like others, I am happy to welcome the emphasis on Adam Smith's

maxims, including, in particular, the one that says that taxes should be proportionate to the ability to pay. In the committee, we discussed the intricacies of that approach, and the differences between proportionate and proportional. I admit that those differences have now escaped me. However, it is clear that there are some taxes, such as council tax, that are not really linked to the ability to pay, except in the loosest possible sense. I hope, as we move forward, we can remember that principle, and that new and amended taxes will be more proportionate.

The issue of certainty has come up many times as we consider the bill. That is one of Adam Smith's maxims that we all support. However, I continue to think that the demand for certainty can sometimes be a smokescreen and can mean only more certainty for those who want to avoid paying tax. Therefore, I support the cabinet secretary's insistence that we stick to a principles-based approach, including having a wider general anti-avoidance rule than seems to exist in the UK.

Only two relatively small taxes are being fully devolved, while income tax is not really being devolved at all, as we will have only partial control over one aspect of it. That could, frankly, give us the worst of both worlds, with an already complex UK income tax system becoming more complex and therefore more expensive to operate. That is the downside of devolution and, in particular, of sharing a tax rather than devolving it.

Another factor in this is the block-grant adjustment that Michael McMahon referred to. It is disappointing that, having promised to devolve those two taxes, it now seems that Westminster is attempting to backtrack and keep its hands on as much of them as it possibly can. That does not bode well for the vague assertion that more tax powers might—or may; or could; or should possibly, at some stage, given the right circumstances and the right Government at Westminster, and on the assumption that the UK does not leave the EU and does not go completely bankrupt—be devolved in the event of a no vote.

However, I prefer to be optimistic and look forward to our taking control of the whole range of taxes, as normal countries do. We will probably have to start off by modifying the UK system but, at some stage, we will have the challenging opportunity of writing our own legislation for those major taxes. I look forward to that exercise.

The great thing about what we are doing today is that we are setting out a direction of travel. We want to do things our way, in a way that fits Scotland's needs. The bill is a good start, and I whole-heartedly support its approval.

The Deputy Presiding Officer (Elaine Smith): That brings us to the closing speeches. I call Gavin Brown.

16:23

Gavin Brown: If that was John Mason being optimistic about the tax system, I hope that I am not here on the day when he is pessimistic.

Quite rightly, this has been a broadly consensual debate, with little to divide the chamber, either at stage 2 or at stage 3.

I was struck by something that the cabinet secretary said earlier. He pointed out just how much subordinate legislation will have to flow from not only this bill but the other tax bills that we passed earlier this year and at the end of last year. For all three, there is bound to be a raft of legislation. In some ways, today is only a starting point. There is more work to be done than we have done so far, and all of it has to be completed by 1 April next year. There is a huge amount to be done over the coming months by the Government, the Parliament and all those who are involved in taxation in Scotland.

Probably the first true test of revenue Scotland's performance and way of doing business will involve the charter to which the cabinet secretary referred. Under section 10 of the bill, revenue Scotland has to create a charter of standards and values. As I indicated earlier, the section has been boosted by bringing in reciprocity between revenue Scotland and taxpayers. In pulling the charter together, revenue Scotland is to consult those whom it thinks are relevant. That will be its first challenge: how will it consult on what the charter ought to look like, who will it consult and will it take a proactive or a reactive approach? Everybody will be watching very carefully, because how the charter is constructed will tee up how revenue Scotland performs over the coming years.

I do not know whether there is information on this at the moment, but if the cabinet secretary has any information on the timing of the consultation on the charter we would certainly welcome hearing it in the chamber today.

I have a couple of other points to bring up. Section 3 refers to revenue Scotland's resolution of disputes with taxpayers. The section contains the phrase "including by mediation". Individual cases between taxpayers and revenue Scotland will clearly be operational matters and decisions on them will, quite rightly, be for revenue Scotland to take. However, I wonder whether including that phrase is a hint or a steer from the Government that, as a policy, it would like to see mediation being used by revenue Scotland. Perhaps I have

read too much into that. I would certainly welcome any clarification on it from the Government.

A couple of members have talked about the block grant adjustment mechanism. This is not strictly and directly part of the stage 3 debate, but the cabinet secretary gave evidence to the Finance Committee last Wednesday about how things have moved forward in that regard. Perhaps the answer to this question is no, given that that was only a week ago, but has anything happened in the interim period and is there anything else that the cabinet secretary can share with the Parliament, so that we can see that process moving forward as fast as possible? That adjustment mechanism must be sorted out in the coming months, but everything else underpinning the bill—and indeed the other two tax bills—must be in place by 1 April next year. There is much for us all to do in the coming months.

16:27

Malcolm Chisholm (Edinburgh Northern and Leith) (Lab): Iain Gray began his speech by quoting Einstein, to the effect that

"The hardest thing in the world to understand is the income tax."

To be perfectly honest, and at the risk of being expelled from the Finance Committee, I think that the hardest thing in the world to understand is the Revenue Scotland and Tax Powers Bill. In view of that, I thank all those who helped me and, no doubt, others to understand better—namely, the adviser in particular, the clerks, the witnesses, the bill team and the cabinet secretary himself.

I also thank the cabinet secretary for taking on board so many of the committee's recommendations in his stage 2 amendments and, of course, in further amendments today. I should thank him particularly for the amendment in which he picked up a point that I made in committee. Referring to artificiality in the GAAR, I asked why the reference to "reasonable business conduct" in section 59 should not be extended to include personal conduct. I welcome the amendment that the cabinet secretary lodged to deal with that issue.

The word "reasonable" has haunted our discussions. I even found myself at one point saying that the UK double reasonableness test was quite reasonable. In the end, I am quite happy to defer to the Government in that regard.

On the general anti-avoidance rule, there were some concerns that the bill had been drawn too broadly and that the language that was used in defining what constitutes a reasonable action was too vague. Part 5 of the bill outlines that any activity that has the obtaining of a tax advantage as the main purpose, or one of the main purposes,

of the arrangement may be deemed unlawful. I believe, however, that it is right to draw the rule quite widely as, historically—and specifically in the case of HMRC—the use of a more targeted or narrow approach has led to the emergence of loopholes that can be abused by businesses. Having the principles of the GAAR enshrined in the bill will, I hope, mitigate the need for any targeted rules for tax avoidance in future.

Further to that, although I recognise that the double reasonableness test may be construed as being unnecessarily complicated, its absence from this new legislation means that we must make absolutely certain that channels are made available to challenge any decision in a timely and fair manner. Therefore, a vigorous approach to tax avoidance must be balanced by a fair appeals system. I raised that issue at stage 1 in the committee with the cabinet secretary, and the committee recommended that he reconsider the restrictive rule governing appeals in the Court of Session and the number of members of the upper tax tribunal for appeals. I would welcome reassurance from the cabinet secretary, in his wind-up speech, about the fairness of the appeals system.

Another issue of fairness concerns the contrast between the advice that is offered by lawyers and accountants and to what extent it should be privileged. I believe that what is and is not privileged advice should apply equally to all advisers, whether or not they are lawyers. I would welcome a statement of the Government's most up-to-date thinking on that matter.

Finally on fairness, equality between taxpayers and revenue Scotland is also important. Part 2 of the bill addresses the establishment of revenue Scotland and provides for its general functions and responsibilities as we take forward the devolution process. Looking at the final draft, it is reassuring to see that a number of the recommendations that were made at the committee stage have been taken on board by the cabinet secretary with regards to that process. That includes putting taxpayers and revenue Scotland on an even footing in the expectations that are placed upon them in the charter. That was not the case in previous stages of the bill. The change of language to

“standards of behaviour and values which revenue Scotland is expected to adhere to”,

rather than “aspire to”, will not only reassure taxpayers but firmly cement the duties of the new body on the face of the bill.

Section 10(3A) of the bill should also be welcome as it offers the assurance that the charter will be drafted and subsequently redrafted only after revenue Scotland consults such persons as it

considers appropriate. That is good news, as the charter should not be skewed towards the interests of revenue Scotland but, rather, should represent the best practice for the widest number of stakeholders. I would, however, welcome a little more in the way of reassurance that revenue Scotland will engage with as many stakeholders as is practically possible, making it absolutely clear to Parliament who has been involved and for what reason.

With regard to the delegation to Registers of Scotland and the Scottish Environment Protection Agency of duties relating to land and buildings transaction tax and landfill tax respectively, I welcome the pledge to publish information concerning the nature of that delegation and to lay it before Parliament, and the fact that revenue Scotland will still be ultimately responsible for carrying out delegated functions. Those powers may be delegated as and when revenue Scotland sees fit. Although I support the theory behind that, I was somewhat concerned by some of the evidence on the balance of responsibilities and the pressures that that may bring. The Faculty of Advocates was keen to point out that certain powers, such as the power to levy a penalty or to make an assessment, are inherently the concern of the taxing authority, and that revenue Scotland should not be given *carte blanche* to delegate at will. Powers must be delegated according to what works best where. Some responsibilities are best kept within the remit of revenue Scotland.

The tax system that a country adopts goes fundamentally to the heart of what sort of society we wish to create. I believe that, within the framework of devolution, it is possible to achieve the best outcomes for Scotland. In co-operating so well, the Finance Committee and the cabinet secretary have provided Parliament with an effective foundation stone for fiscal devolution. The bill that is before us, with its enshrined charter of responsibilities, will encourage a relationship of respect between the taxpayer and the authority, based on transparency and accountability. I congratulate all members who have been involved with this process and hope that, in future years, the same approach will be applied. I support the bill and thank the Government for bringing forward this landmark legislation.

The Deputy Presiding Officer: I remind Parliament that our debates this afternoon are on a follow-on basis and therefore I trust that all members will be in the chamber for the next debate.

16:33

John Swinney: Iain Gray said that today marked the conclusion of the trilogy of bills. That got me thinking. There is Peter May, that great

Scots author, responsible for the Lewis trilogy of “The Blackhouse”, “The Lewis Man” and “The Chessmen”, and there is John Swinney, responsible for the trilogy of the Land and Buildings Transaction Tax (Scotland) Bill, the Landfill Tax (Scotland) Bill and the Revenue Scotland and Tax Powers Bill. It is not much of a sequel to other trilogies, but it is nonetheless very important legislation.

Iain Gray: In the spirit of the famous game “Scissors, paper, stone”, the fact is that Peter May’s product will eventually end up in landfill and be subject to the landfill tax that Mr Swinney has introduced.

John Swinney: It will not for a long time, I hope.

Today’s debate has been a welcome conclusion to a really good parliamentary process. I thank the bill team for their work—as Malcolm Chisholm said, this area of activity is complex, and just as I have had to navigate the Finance Committee through it, the bill team has first had to navigate me through it. The team has been exceptional in supporting me in developing the legislation.

In doing so, we have—as has been the case with all three tax bills—had an enormous amount of consultation of external stakeholders on its contents and provisions. On most of those, we have managed to reach agreement with external stakeholders, but on some we cannot get agreement.

I assure Malcolm Chisholm that the approach of engaging in maximum consultation and dialogue with external stakeholders will be the hallmark for progressing further dialogue and discussion on issues related to the charter. I also assure Gavin Brown that we will engage in extensive consultation and allow adequate time to ensure that the issues can be properly considered.

As Malcolm Chisholm said, the design of the tax system very much reflects the approach that we as a country want to take to our taxation arrangements. I initiated the process with reference to the Adam Smith principles of certainty, convenience, efficiency and proportionality to the ability to pay, in a way that was designed to set out how we could, in our 21st-century thinking, reflect some of the great foundations of thinking that Scotland has contributed to the world. Those values are an important consideration in setting out what we want to achieve from our tax system and the impact that we want it to have on our society.

We will take that approach in reflecting on the further provisions that are to be progressed in subordinate legislation. There will be a lot of subordinate legislation, and we will of course engage with Parliament on its contents.

One innovation in the bill has been, as we progress the great principles of Adam Smith, to design new mechanisms that are appropriate for the times. That is how I would characterise the general anti-avoidance rule. I made it clear to Parliament at the outset that I wanted the bill to define emphatically the intolerance that we in Scotland would show towards tax avoidance. I want us to err on the side of tax maximisation in the way in which we structure our legislative framework.

I invited Parliament to challenge the Government’s thinking with regard to whether we were able to translate that lofty aspiration into practical legislative form. We have listened carefully to the challenges that have come from Parliament in various areas, and we have responded significantly to them at stages 2 and 3.

The current constitutional debate has crept into the discussion today. My friend Michael McMahon did not disappoint in today’s debate, and he would be disappointed in me if I did not get on to some of that territory before I conclude my own contribution.

Michael McMahon and Gavin Brown spoke about the block grant adjustment process, which is an interesting contrast to the legislative process that we have undertaken in Parliament. Across the political spectrum, with all our different opinions on how we view the world, we in this Parliament have all managed to—I assume that we will, from what I am hearing this afternoon—reach a point of unanimity on the Revenue Scotland and Tax Powers Bill when we vote later today.

We have considered the issues in our own space, according to our own values and principles, and we have come to this conclusion. I have compromised on certain things, and we have reached agreement, and Parliament will unanimously support the bill.

I think that that serves as an interesting illustration of the fact that, when we as members of the Scottish Parliament work together on legislative provisions, we can come to good, logical and sensible conclusions. If we can do that on the Revenue Scotland and Tax Powers Bill, why cannot we do it on issues such as welfare reform, other measures on the tax system and how we should speak to the world through our international policy?

Mr Chisholm said that he felt that “the word reasonable has haunted our discussions”

on the bill. I consider myself to be an entirely reasonable person, and I have tried my level best to display that reasonableness in getting to a position of unanimity. If we can have that reasonableness across the chamber on the bill

that we are debating, why cannot we have it on all the issues on which such reasonableness would allow us to advance our constitutional agenda in fulfilment of our mission to deliver the very best for the people of Scotland?

We would, of course, be able to make progress on the block grant adjustment if all my reasonableness were absorbed by the other party to that discussion—Her Majesty's Treasury. The lesson that I take from our consideration of the bill is that, when we in Scotland all work together to use the legislative framework that we have, we can take good decisions that will be the hallmark of how we should be governed in the years to come.

I have expressed my remarks in a way that is entirely consistent with my reasonable style and with the optimistic tone of Mr Mason, which came to the fore in the debate. I am sure that the people of Scotland will reflect on the points that I have made in the weeks to come, and that they will come to the right—and the sensible—conclusion.

Disabled Persons' Parking Badges (Scotland) Bill: Stage 3

The Deputy Presiding Officer (Elaine Smith):

The next item of business is a debate on motion S4M-10783, in the name of Dennis Robertson, on the Disabled Persons' Parking Badges (Scotland) Bill.

16:42

Dennis Robertson (Aberdeenshire West)

(SNP): It has been a great privilege for me to have been able to take forward the Disabled Persons' Parking Badges (Scotland) Bill as a member's bill. I would like to begin by inviting members who believe that they might not get an opportunity to participate in the debate to feel free to intervene on me if they have a specific question.

The Disabled Persons' Parking Badges (Scotland) Bill is an empowering bill: it will empower our people with disabilities to lead full and fulfilling lives by enabling them to exercise their right to use the blue badge to which they are entitled to find legitimate parking spaces in our towns and cities.

I am very grateful to the Local Government and Regeneration Committee for scrutinising the bill at stages 1 and 2. I believe that the scrutiny that it undertook was fair, transparent and just. It considered in great depth questions that many people have been asking for quite some time. Why are we only now trying to ensure that people who have a blue badge can use it in a manner that gives them the freedom that I mentioned?

At stage 2, Inclusion Scotland lodged some amendments, and I am grateful to the committee for scrutinising them and giving them a great deal of consideration. I think that the conclusion was that, during the consultation process, people with disabilities believed that proceeding to enact the bill was the right and proper thing to do.

The consultation allowed me to listen to people with disabilities across Scotland. In the consultation meetings that we had in Aberdeen, Glasgow and here in Edinburgh, people with disabilities and organisations representing them were afforded the opportunity to ask important and appropriate questions about what was being proposed to ensure that we took forward what the bill was intended to achieve.

Under the Chronically Sick and Disabled Persons Act 1970, which introduced what was then the orange badge, people with disabilities were for the first time given concessions with regard to parking rights. However, it quickly became clear that the system was open to abuse. People came up with counterfeit badges, badges

were being openly transferred, and third-party misuse was rife. It was felt that the legislation needed to be tightened up, and steps in that direction have been taken throughout the years. I now believe that the current badge system is robust, and, because of the unique number that each badge has, there should be little or no opportunity for fraudulent behaviour or copying.

In fact, the badge's unique number is very important, because it will enable those who look at it, whether they be the police, traffic wardens or other local authority representatives who are charged with enforcing the system, to find out the badge's legitimate owner. If they suspect that a badge is being misused, they can run a check. If, for example, the person using the vehicle is in their early 20s and the badge has been issued to someone in their 80s, the people who enforce the system will have every right to approach the person in question and ask whether the badge is legitimate or whether it is being misappropriated.

It is already illegal to use a badge that should have been returned because, for example, of the owner's death, or to use a badge that has been lost or stolen, so people must be made aware that such actions are criminal offences. Indeed, it is only right and proper that people with disabilities themselves take some responsibility for their blue badges. During the consultation process, it became very clear that many people who have a blue badge were not aware of the rules and regulations about their use. One of the biggest complaints that we hear is that people think that third-party misuse is okay because the person who is using the badge is, say, going to the shops on behalf of the person with the disability. Of course, that is not the purpose of the badge, but if people with disabilities think that that sort of thing is okay, that suggests that we need to think about educating those people about the use of badges.

During the consultation process, we decided that it would be in the best interests of people with disabilities to set up two working groups. Those groups include representation from Police Scotland, local authorities and people with disabilities, and we are looking at producing for those who are issued with a blue badge something that will be an easy read that will make things clear and which will give, say, the top 10 tips for its use.

My thanks go to people with disabilities because, without the consultation process and their guidance, we would not be at the stage that we are at today.

Why do we need the bill? We need it because people think that it is okay to park in disabled parking spaces without a blue badge. As I said, people also think that third-party misuse of a blue badge is okay, although it is not. We as a society

should not tolerate that. We should look at the impact of such misuse on people with disabilities. When someone misuses a badge, they do not just take a parking space; they also deny a parking space to someone with a disability. When that person is denied a parking space, they might have to return home and might not be able to do what they went into town for, whether that be leisure, pleasure or business—it makes no difference. People need to understand that they are not just taking a parking space that was available; they are denying a parking space to someone with a disability who is looking for one.

Just the other week, someone said to me, "I know it's wrong, but I was in a hurry—I was going to be late for work. I couldn't find a parking space, so I just parked in the blue badge space." Such excuses should not be acceptable to us. They are not acceptable to me and I do not think that they are acceptable to the Parliament. I sincerely hope that we will hear other examples this afternoon that show why we need to pass the bill.

I move,

That the Parliament agrees that the Disabled Persons' Parking Badges (Scotland) Bill be passed.

16:52

The Minister for Transport and Veterans (Keith Brown): I am pleased to support Dennis Robertson and to commend him for the work that he has undertaken in developing the bill.

I thank the Local Government and Regeneration Committee, the Finance Committee and the Delegated Powers and Law Reform Committee for considering the bill and the evidence from the agencies with an interest in the blue badge scheme's operation—particularly disability groups, which Dennis Robertson mentioned.

The bill takes a number of steps to strengthen enforcement powers for local authorities when dealing with blue badge misuse. It will allow the confiscation of badges that are no longer valid or which are being misused by third parties; make the use of a cancelled badge or one that should have been returned to the issuing authority under the blue badge regulations an offence that sits alongside the existing statutory offence of misuse of a blue badge; allow local authorities, should they choose to do so, to use plain-clothes officers who are carrying identification and authorisation to inspect and confiscate badges; and introduce an important requirement for local authorities to have in place a review process for applicants who have been refused a blue badge.

On the surface, elements of the bill might appear punitive. However, its aim is to protect the rights of disabled blue badge holders and it responds to calls from badge holders for better

enforcement of the scheme. Concerns have been expressed—primarily by Inclusion Scotland—about the confiscation of badges from third parties and the use of plain-clothes officers, but Dennis Robertson has been thorough in his consideration of and consultation on the issue. He has sought to protect badge holders by ensuring that all valid badges that have been confiscated will be returned to the badge holder as soon as is practicable.

In turn, local authorities want to ensure that badge holders can use their badges, whether as a driver or a passenger, for the intended purpose and within the scheme's rules. The scheme provides street parking concessions to assist badge holders to live independent lives.

In response to the concern that Inclusion Scotland raised that plain-clothes officers will cause fear and alarm to badge holders or that such officers might be impersonated for fraudulent purposes, I agree with the conclusions that the Local Government and Regeneration Committee reached in its stage 1 report. Non-uniformed council officers already operate in a range of areas across Scotland without the difficulties that Inclusion Scotland suggested. The intention behind the bill is that non-uniformed officers will improve enforcement of the blue badge scheme by carrying out surveillance and gathering information and evidence on the systematic abuse of blue badges.

It is worth bearing in mind that someone misusing a blue badge or someone using a blue badge that is not rightfully theirs can save many thousands of pounds a year in certain parts of the country. Abuse of the scheme often involves the use of a person's badge by a friend, family member or carer for their own benefit but it can extend beyond that. I understand that there is also a relatively lucrative trade in forged badges. The lure of free parking is a temptation that some people cannot refuse.

The bill also extends powers to the police and to traffic wardens to confiscate badges. I am happy to say that we are working with local authorities and Police Scotland to provide the police with access to the blue badge national database, which means that they will be able to check the status of blue badges anywhere in the country.

The bill is designed to fit in with existing powers and practices. Dennis Robertson has not been working in isolation. As we heard, he has been working closely with two working groups that have representation from local authorities, Police Scotland and third sector organisations to ensure that the bill translates and can easily work alongside current processes.

The provisions will be supported by guidance that will be developed by those multi-agency groups to address the requirements of the legislation. The guidance will also take into account the need for sensitivity and proportionality, which concerns were expressed about at stage 2.

Dennis Robertson's work has been the catalyst in identifying a need to raise awareness of the blue badge scheme's rules and regulations among badge holders, their families, carers and the wider public. I am pleased that that work is being progressed through those working groups.

The intention is to identify ways to clarify the purpose of the blue badge scheme and the impact of misuse on disabled people. I am sure that local authorities and the third sector will assist in getting across the messages about the scheme to the wider public.

I am pleased to say that Transport Scotland has commissioned work to test the understanding of blue badge holders of the proposed top 10 tips for using a blue badge. The tips are intended to act as an aide-memoire for badge holders, their relatives and carers on the dos and don'ts when using a blue badge. That concept was supported—perhaps even initiated to some extent—by the Local Government and Regeneration Committee.

Although the bill is primarily about increasing enforcement powers in practice, it will also send out a strong message to those who might think about using someone else's badge for their own gain. I hope that it will make them think again about doing that. Misuse of a badge should be not only illegal but socially unacceptable.

Each time a blue badge is used for anything other than the purpose for which it was issued, not just one badge holder but many are prevented from getting on with their lives because they are prohibited from accessing the parking concessions to which they are entitled.

I thank Dennis Robertson for his work so far. The Scottish Government is very supportive of the bill.

16:57

Mark Griffin (Central Scotland) (Lab): I welcome the opportunity to speak on the Disabled Persons' Parking Badges (Scotland) Bill at stage 3, and I congratulate Dennis Robertson on the progress that he has made so far. I know how much hard work goes into a member's bill and I know how hard Mr Robertson must have worked, even with Government support, to get to this stage. I hope that his hard work is paid off with the passing of the bill. I am sure that it will be, since

Labour is supportive and Labour members will be voting in support of the bill at decision time.

We welcome the bill's main objective to protect the rights of blue badge holders. We recognise that misuse of blue badges must be tackled because it can lead to blue badge holders not being able to access a parking space when they need it—and they need those spaces more than anyone else—and to a reduction in revenue for local authorities. Misuse also contributes to a public feeling of animosity towards badge holders when people see blue badges being used fraudulently.

We continue to seek assurances from the Scottish Government that it will work with its multi-agency group to ensure that blue badge holders are properly educated on how their badges can be used so that disabled people who inadvertently misuse their badges are not penalised by the bill's provisions. I welcome the minister's comments on the advice and guidance that will be given to genuine blue badge users.

We look to see that local government in Scotland will be properly supported and financially resourced to implement the bill's provisions, in particular in relation to enforcement. The Convention of Scottish Local Authorities is relaxed on the financial impact of the review of provisions and it is comfortable with those measures.

Christine Grahame (Midlothian South, Tweeddale and Lauderdale) (SNP): Can local government officers enforce in places such as supermarket car parks or private car parks where there might be an abuse, or can they do so only in public places? I am curious about that, because I do not know the answer.

Mark Griffin: My understanding is that private operators would need to come to some sort of agreement with local authorities or the police to enforce the provisions in a private area and that the proposals apply only to public car parking spaces.

The bill is designed to strengthen some of the enforcement aspects of the current legislation and ensure that there is a statutory review in order to ensure that people who are entitled to a blue badge receive one and that people who use a blue badge are legitimately entitled to it.

At stage 1, I said:

"This bill follows Jackie Baillie's Disabled Persons' Parking Places (Scotland) Bill, the intention of which was to prevent disabled persons' parking places from being occupied by people who are not entitled to use them, by making disabled parking bays enforceable and ensuring that enforcement action"

against those who use them without a blue badge

"could be taken."—[*Official Report*, 20 May 2014; c 31210.]

Sandra White's proposed bill on responsible parking quickly followed. Sandra White is not in the chamber, but I recall her being frustrated that Dennis Robertson's bill had overtaken hers in the parliamentary process. I am sure that she will have been in touch with the Minister for Parliamentary Business about that. Her bill aims to allow freedom of movement for all pedestrians by restricting parking at dropped kerbs and on pavements and double parking. That affects disabled people, as they may find it difficult to negotiate wheelchairs on pavements or across roads if the way is blocked by a parked car.

To me, those three pieces of legislation complement one other well. Combined, they will go a long way towards making our towns and cities much more accessible to people who have a disability.

The proposed powers in the bill will be a welcome addition to local authorities' powers in tackling blue badge misuse and its impact on genuine users, as long as they are supported financially to enforce the powers. In particular, local authorities will have the power to cancel a badge that is no longer held by the person to whom it was issued to combat badges being passed on to other people. As the minister said, that seems to be quite a lucrative trade. The savings that someone could make by parking in Glasgow city centre, for example, run into thousands of pounds. Local authorities will welcome that power.

As I said at the outset, we support the bill. We will support it in the vote, and we look forward to its becoming an act and improving the lives of genuine blue badge holders across Scotland.

17:03

Cameron Buchanan (Lothian) (Con): I should start by redeclaring an interest as a blue badge holder. As a blue badge holder and a fellow MSP, I reiterate my congratulations to Dennis Robertson on bringing forward the bill and I express my whole-hearted support for it.

To respond to Christine Grahame's question about supermarkets, there cannot be parking enforcement there because the ground is private, but it is hoped that the word "shame" will come into things and that the public will eventually realise that what happens is simply not acceptable. However, I am afraid that there is nothing that we can currently do about private parking spaces.

In the earlier stages, I outlined why I supported the bill. It brings a much-needed improvement in the administration and enforcement of the blue badge scheme as well as wider recognition of its importance. It is crucial that any update to the

scheme brings tangible benefits to blue badge holders without placing undue burdens or legal concerns on them. The bill strikes that balance.

I strongly support highlighting the reliance of blue badge users on the scheme to freely carry out everyday tasks, as well as the need to close the gap in perception between those who believe that occasional misuse is acceptable and legitimate users who greatly depend on its benefits being available.

I highlighted previously a number of finer points that had yet to be discussed adequately in the bill's early stages, including the issues of non-uniformed enforcement officers, penalties and the powers of confiscation. Amendments covering those issues were lodged and, although later withdrawn, led to constructive discussion, and I am pleased to say that I continue to support the bill in its entirety.

A range of views were expressed on the role of non-uniformed enforcement officers. Along with others, I was lobbied by Inclusion Scotland. It expressed the view that enforcement officers should be uniformed. However, we reached agreement in the Local Government and Regeneration Committee that the bill's provision for non-uniformed enforcement officers would benefit the scheme and could be implemented smoothly.

The main issue is to pass a bill that strikes the balance between the most effective way of enforcing the legislation and showing—this is very important—an appropriate level of sensitivity to blue badge users and their personal circumstances. We rightly focused on how officers would be identified to users and how assurances could be given to organisations such as Inclusion Scotland. The committee was reassured that all officers would carry identification cards. The bill therefore strikes that balance.

That leads me on to a similar point with regard to penalties. The Law Society of Scotland highlighted concerns over the inclusion of a criminal strict liability offence for using a badge once cancelled and, in doing so, it used the sledgehammer-to-crack-a-nut analogy. However, the committee also considered Police Scotland's views. It raised strong points in favour of the bill's existing penalty provisions. Our task was to ensure that the bill struck an ideal balance between delivering improvements to the scheme and protecting its users. Fortunately, the views of Police Scotland prevailed.

On that point, it was mentioned that penalties imposed after unintentional misuse could hurt vulnerable users. Although an amendment motivated by such concerns was lodged, we were reassured that a person could be found guilty of

an offence only if a level of knowledge or intent could be proven. Despite that, it is apparent that the enforcement of the legislation will require local authority officers and the police, where appropriate, to exercise their duties with a good deal of care and sensitivity.

Although we were agreed that in clear-cut cases of fraud we expect the perpetrator to be prosecuted, we would all expect discretion to be shown in the more complex cases that will undoubtedly arise. The bill allows for such flexibility and will minimise incidents of innocent misuse through clearer communication to blue badge holders. The proposed 10-point card will answer any questions in that regard. For example, the current instructions are too complicated and everyone who receives them—me included—simply flings them in the drawer.

For similar reasons, it is important that we consider carefully the implications of any new powers granted to the enforcement officers. With that in mind, we had a necessary discussion on the extension of powers to confiscate badges. Although a fellow committee member lodged an amendment to limit the proposed powers to non-valid badges only and not third-party use, it was agreed that the existing powers would substantially benefit genuine users, because abuse would be discouraged and parking spaces would therefore be freed up. Furthermore, reassurances were given that badges would be confiscated only for justifiable reasons and that valid badges would be returned within a maximum of 14 days, which is also important.

In previous debates, I touched on funding, which is an issue that is necessary to consider. However, the bill is proportionate in its resource requirements, and it will be manageable to enforce. The sensible decision against establishing an external review process is an example of that.

I am pleased to note that the bill's implications have been discussed extensively and properly considered. As I have highlighted, the main consideration throughout has been to ensure that the ideal balance is struck between delivering scheme improvements and protecting its users. The bill achieves that balance, and it will bring benefits to the genuine blue badge scheme users, including myself. As a result, I am delighted to support the bill.

The Deputy Presiding Officer: Before we move on to the open debate, I am minded to accept a motion without notice on behalf of the Parliamentary Bureau.

Motion moved,

That, under Rule 11.2.4, Decision Time be brought forward to 5.50 pm.—[*Joe FitzPatrick.*]

Motion agreed to.

17:09

Stewart Stevenson (Banffshire and Buchan Coast) (SNP): Like others, I congratulate Dennis Robertson on bringing forward the bill, which I am sure is going to be successful at 17:50.

As a bill, it is perhaps a return to the way in which the old Scots Parliament legislated. The Common Good Act 1491 was a mere four lines long. Dennis Robertson's bill has the clarity in conception, the purity of purpose and the economy of expression that is contained in a mere four lines in the Common Good Act. Of course, the member's bill process in this Parliament lends itself to tightly focused and clearly expressed and articulated pieces of legislation. I think that others might usefully learn from that process, which is open to all, even if Sandra White may be one of those who are disappointed.

The core of the Disabled Persons' Parking Badges (Scotland) Bill is to improve life for people with some disability that requires them to have help with parking. We need to think in terms of the dignity of the people who have a disability. My experience of that was in the early 1970s when a couple of colleagues who were blind were able, for the very first time, to receive their bank statements in Braille. Up to that point other people had had to read their bank statements to them, and that was a loss of dignity because their confidential information had perforce to be shared with others.

By the same token, when we ensure that there is adequate parking at the end of what may be an essential journey or a leisure journey—it is not for us to decide—and an actual parking place for someone who needs it because they are disabled, we confer upon that person the dignity that we are all entitled to expect. I think that the bill is excellent because it ensures that we share more widely the dignity to which we are all entitled.

There has been a bit of discussion about the powers of the enforcement officers and the matter of a uniform. In 1968, my summer job as a student was as a water bailiff. I had a warrant card, I could arrest people and I had the untrammelled right of entry into any premises without cause shown, but I had no uniform. That had been the case for water bailiffs for a very long time. Such people can have powers without having a uniform and they can be justly provided, and people were used to the idea that water bailiffs did not have uniforms. The difference in this case, of course, is that enforcement officers will be new. We therefore need to have some tact and diplomacy in the early days in which they operate.

Quite properly, Inclusion Scotland has focused on the potential for enforcement officers, traffic

wardens and policemen to confiscate blue badges unnecessarily and inappropriately. I think that Inclusion Scotland has a valid point. That is why, in the introduction of an enforcement regime that will contribute enormously to people with disabilities, we need to be careful how we do it.

People who have disabilities do not necessarily see themselves as other parts of society might see them. For example, my mother was 4 foot 10 and a half and she walked with elbow crutches for most of her adult life, but it was different when she got behind the wheel of the Mini Cooper S that she drove. I remember being with her in the car—before Barbara Castle introduced the universal speed limit—as she did 100mph down the Baiglie straight.

Transport can sometimes be transformative; it was for my mother. Let us make sure that in providing parking at the end of the journey—people should not travel at 100mph as it diminishes the chance of getting there—we will enhance the lives of certain people and give them the dignity that they deserve.

17:13

Anne McTaggart (Glasgow) (Lab): As a member of the Local Government and Regeneration Committee, I have had ample opportunity to consider in detail the proposals in the bill and the subsequent amendments to it. I would once again like to thank Dennis Robertson for bringing this important issue to the attention of the Scottish Parliament, and I commend his efforts in raising awareness of the damaging consequences of the misuse of our blue badge scheme. I reiterate that I support his member's bill and I acknowledge that it is likely to deliver a reduction in disabled parking badge fraud. I am hopeful that that will lead to an increase in the number of parking spaces that are available to genuinely disabled people, and that that will, as a consequence, improve the quality of life of those who suffer mobility issues.

Local authorities face a significant problem in distinguishing between genuine and fraudulent badge holders. I have learned through the evidence that the Local Government and Regeneration Committee gathered through the progress of the bill that nearly 80 per cent of blue badge holders have directly experienced abuse of the system. The bill has the potential to reduce substantially the inconvenience that that causes disabled drivers.

My support for the bill arises from the conviction that those who are entitled to a blue badge should be able to access disabled parking bays when they need to. The availability of accessible spaces should never be compromised by the self-interest

of those who use blue badges for convenience alone.

I believe strongly that the Scottish Government should seek to work with key stakeholders, including local authorities, to ensure that the bill is implemented consistently across the country and does not cause unnecessary confusion among genuine badge holders. I continue to believe that badge holders should be provided with comprehensive and accessible information on how their badges can be used. That would provide reassurance that disabled people who inadvertently misuse their badges are not penalised by the provisions of the bill.

I acknowledge Inclusion Scotland's concerns that a disabled person or a carer may be criminalised when they inadvertently use a badge that has been cancelled—for example, if it has been reported lost, and has subsequently been found before the replacement has been issued. I am therefore grateful for recent assurances that no action will be taken against individuals in those circumstances. I am confident that that commonsense approach will be maintained after the bill's implementation, and I anticipate that genuine badge holders will benefit from the policy.

Local authorities should be fully resourced to implement the bill's provisions, including both the enforcement and review elements of the blue badge application process. I would be concerned if local authorities were tasked with implementing the new assessment and enforcement provisions without the appropriate level of funding to allow council officers to carry out their duties effectively.

Notwithstanding that concern, I am delighted to confirm my support for the bill, and I look forward to my disabled constituents receiving the benefit of an increased number of accessible parking spaces across their city. I thank Dennis Robertson and the Scottish Government civil servants for their hard work, at every stage, in bringing the bill to Parliament.

17:18

Jim Hume (South Scotland) (LD): I welcome the opportunity to participate in the final stage of the bill, and I congratulate Dennis Robertson on all his good work in bringing the bill this far. I look forward to the bill being passed later today.

The blue badge scheme is an extremely important tool to enable the independence and lifestyles of those with mobility issues who would otherwise face unacceptable difficulties in maintaining regular day-to-day activities. The scheme must be preserved and protected from those who would abuse it. Each time a blue badge is misused on a car that is parked in an area where only those who hold valid blue badges are

allowed to park, genuine blue badge users are denied use of a space. That is particularly problematic in city centres, where parking charges can be quite prohibitive and have led to people abusing blue badges to try to park on the cheap. According to an officer from the City of Edinburgh Council:

"between 52 and 70 percent of all badges that are on display will be being misused."—[*Official Report, Local Government and Regeneration Committee, 26 March 2014; c 3278.*]

That is a staggering figure, although I understand that there are some—Inclusion Scotland, for example—who have reservations over the veracity of that claim. Nonetheless, badges are being abused and that must be tackled.

During stage 2, John Wilson lodged a number of amendments on behalf of Inclusion Scotland, due to some concerns over the bill that they shared. I had some sympathy with John Wilson's amendment 1, which sought to limit the power of confiscation so that only non-valid badges could be confiscated. Like other members, I worry that eligible badge holders might have their badges confiscated due to the actions of third parties and then be left to face the consequences. I accept that the power is important if we are to discourage abuse and free up spaces for people who genuinely need them, but I do not want people who desperately need their badges to go without them for any length of time.

I was satisfied with the reassurance that was given to the committee that valid badges will be returned to holders within 14 days of confiscation, along with an explanatory letter that reminds the holder of their responsibilities. That approach is proportionate. However, I expect the Scottish Government to monitor whether holders routinely get their badges back within two weeks.

Given that a new strict liability offence will be created, it will be important for all badge holders to be aware of their responsibilities, to ensure that they do not inadvertently misuse their badges. The booklet that is currently distributed to holders is certainly a bit clunky, as Scottish Government officials acknowledged when they gave evidence, so I welcome officials' work to produce a more appropriate document.

I welcome the good progress that the blue badge reform working group is making towards developing a code of practice. A key element of that guidance will be about ensuring that enforcement officers always deal with people sensitively. Disability equality awareness should be a focal point of guidance and should be uppermost in the minds of officers on duty. That is extremely important.

The bill aims to strengthen the existing framework and to safeguard the rights of disabled people. Dennis Robertson must be congratulated. He was right to introduce the bill; I look forward to supporting it later this afternoon.

17:21

Kevin Stewart (Aberdeen Central) (SNP): I pay tribute to Dennis Robertson for introducing the bill, which I hope will receive unanimous support. Like many other members, I realise that it is not always easy to steer a member's bill through Parliament. As well as paying tribute to Mr Robertson, we should acknowledge the work that his staff have done in getting the bill to this stage.

I thank my colleagues on the Local Government and Regeneration Committee for being as assiduous and collegiate as they normally are, and I thank all the folks who gave evidence and took part in the written consultations and the events in Aberdeen, Edinburgh and Glasgow.

We should also recognise the efforts of the Transport Scotland officials who have been working on the issue, and who brought a huge amount of common sense and gumption to the task of achieving an entirely workable approach. Many members, particularly those who have served on local authorities, know how difficult it can be to deal with blue badge issues. The bill will strengthen our hand and ensure that we have a much fairer system.

Mr Robertson's proposal was for

"a Bill to strengthen the Blue Badge Scheme enforcement powers, including powers to cancel and confiscate badges in certain circumstances, and to provide an appeals process for applicants when their Blue Badge application is refused on eligibility grounds."

The commonsense proposal was supported by 41 members of the Scottish Parliament: 33 Scottish National Party members, seven Labour members and Jean Urquhart MSP. I hope that members who could not sign the proposal or who chose not to do so will unite behind a bill that has been pretty well scrutinised and has produced good options.

I talked about the common sense of the debate about and scrutiny of the proposal. As we have gone through the process, we have seen a number of additions—the minister mentioned two working groups, which continue to do good work. I am sure that we will monitor the effects of the bill after it has been passed.

Misuse of badges has always been a problem. As Dennis Robertson rightly pointed out, some people feel that it is kind of all right to do certain things with blue badges. Mr Robertson mentioned somebody being a bit late for work. We heard of an example in Aberdeen of a home help using a blue badge so that she could get nearer to her

client's door. Those things are wrong, and we must get that right in the future. We heard from the City of Edinburgh Council that between 52 and 70 per cent of all badges that are on display are being misused. That is a horrifying figure. We must recognise that every single abuse might be taking away somebody's independence, which is wrong.

I pay tribute to Dennis Robertson for bringing forward the proposal, and I hope that everybody will unite behind the bill at decision time.

The Deputy Presiding Officer (John Scott): I call Cameron Buchanan. You have a generous four minutes, Mr Buchanan.

17:26

Cameron Buchanan: There are still many anomalies with blue badge parking that we need to consider. For example, holders sometimes have to pay parking fees and there is an issue about whether people can park to unload on single and double yellow lines. When I was in London recently visiting Westminster, I found that people have to pay for parking even in blue badge areas. However, that was not clearly indicated, so I actually got a parking fine.

Surprisingly, one of the countries on the continent with the harshest penalties is Italy. The disabled parking spaces there are rarely abused, because the penalties are so harsh. One would not normally think that.

I cannot add much more, having had the history lesson from Stewart Stevenson, the eloquence of Anne McTaggart, the usual reasonableness of Jim Hume and the congratulatory messages from Kevin Stewart. We all agree, so I really do not need to say more. As members will gather, I am very supportive of the bill.

The Deputy Presiding Officer: I call Mark Griffin. You have an even more generous four minutes, Mr Griffin.

17:27

Mark Griffin: The debate has been relatively short, and that was certainly a short speech from Cameron Buchanan. Mine will not be quite so short.

The debate has been consensual, and there have been no amendments to consider at stage 3, which reflects the general support from witnesses and from the Local Government and Regeneration Committee. All that is testament to the hard work that Dennis Robertson has carried out with the steering groups that were set up, and to the work that has been done with local authorities, the police and Transport Scotland.

In my opening speech, I outlined why we support the bill, which will bring much-needed improvement to administration of the blue badge scheme. During the stage 1 debate, the minister pointed out that a particularly determined individual could save about £6,000 a year in parking charges by fraudulently using a blue badge in one of our city centres. In itself, that is a shocking misuse, but it is compounded by the fact that the parking spaces are no longer available to genuine badge holders.

We have concerns about the financial impact on local authorities. We have been reassured that they can cope with the additional costs of review, but we still have questions about their ability to resource the enforcement aspect meaningfully. Regardless of that question, the bill should, we hope, result in increased revenue to councils, as misuse of blue badges is reduced from the current level.

I mentioned in my opening speech that there is a great deal of synergy between the bill, other legislation that has been enacted—Jackie Baillie's Disabled Persons' Parking Places (Scotland) Bill—and a bill that is in the pipeline: Sandra White's proposed responsible parking bill. Those three combine well to improve the situation for disabled people and will go a long way towards making our towns and cities much more accessible to people who have a disability.

Section 1 of the bill sets out how the badge will be improved. That should address the issue with people tampering with an expired badge to extend the expiry date or by changing the photo. Some of the evidence that has been given indicates that the tampering and misuse of badges in that way can be fairly lucrative, with free parking on offer in many areas where it is expensive to park without the badge. Section 1 should reduce the costs of that lost revenue to local authorities and open up spaces for use by genuine badge holders.

The measures in the bill will be a welcome addition to local authorities' powers to tackle blue badge misuse and the impact that it has on genuine users, as long as they are supported financially to enforce the measures.

Although we have always been supportive of the bill, we seek assurances that there will be an education campaign to inform genuine blue badge users of exactly what they can and cannot do with their badges. I welcome the minister's comments on the guidance that will be issued to resolve some of the issues on that.

We will support the bill at decision time and look forward to it becoming an act and improving the lives of genuine blue badge users across Scotland.

The Deputy Presiding Officer: I call the minister, Keith Brown, to wind up the debate on behalf of the Government. Minister, you have a very generous six minutes.

17:31

Keith Brown: Thank you very much, Presiding Officer.

I thank members for an informed and interesting debate. There has been a degree of consensus—not entirely by accident: the work that Dennis Robertson did in the earlier stages of the bill, both in the Parliament and with the interested parties who have been involved, led to some of the earlier concerns and proposed amendments being dealt with effectively, so much of the credit goes to him. Once again, I commend him for his work on taking forward the Disabled Persons' Parking Badges (Scotland) Bill.

I also reiterate my thanks to the two multi-agency working groups for their work in support of the bill. I echo the points that Kevin Stewart made about the work done both by Dennis Robertson's staff and by officials in Transport Scotland, who have been effective in providing support through the process.

Kevin Stewart: The minister again mentioned the two working groups that are considering various aspects. Will the Parliament have an opportunity to consider and help improve the guidance? The best things about the process have included the level of input from various folks and, as I said earlier, the fact that common sense has been applied at every stage.

Keith Brown: I am happy to give the undertaking that we will look into how best we can involve the Parliament in that process, not least because the Local Government and Regeneration Committee made a suggestion about trying to simplify things. We will consider how best we can consult the committee and others.

The bill should not be seen in isolation. It complements a number of reforms that have been made to the scheme over recent years with the aim of providing a parking concession that enables disabled people who could not otherwise do so to have access to the day-to-day things that most people take for granted, such as healthcare, work and social activities.

The Scottish Government is continuing with that intention through the way in which it has been tackling the impact of the UK Government's welfare reform programme. I will give some detail about that because, although the issue has not been raised to a huge extent so far, it provides the context for the proposed changes, and the time

that we have available provides us with a chance to examine it further.

It is clear that the UK Government's changes to the welfare system—including, crucially, the change from disability living allowance to the personal independence payment—are causing significant anxiety and distress to people in Scotland. I have had members from all round the chamber write to me about individual cases to do with blue badges over recent months.

It is completely unacceptable that some of the most vulnerable in our society are not getting the support that they need. However, our work has gone far beyond the steps that have been taken to protect blue badge holders in England and Wales. Of course, we believe that the best solution is for the Scottish Parliament to have control over welfare matters.

Last year, in establishing arrangements to allow those who receive the personal independence payment to passport automatically to the scheme, we recognised the potential impact of the decision to tighten the threshold that must be passed in order to receive the highest rate of PIP. That is why the passporting arrangements for PIP extend to those who receive the standard rate at 8 points or more for the "moving around" activity. That measure, which was taken by the Scottish Government, ensured that the passporting arrangements for PIP and disability living allowance were as equivalent as possible.

Obviously, we continue to monitor other proposed changes. We have also taken further action to mitigate the potential effects of PIP by including two further eligibility criteria to cover those people who passported under DLA but who do not receive PIP at a rate that enables them to passport following reassessment for the new welfare benefit.

Kevin Stewart: Like the minister, I would like to see the demise of personal independence payments, which are really frightening some folk. I am pleased that the Scottish Government has made moves to ensure that as many folk as possible still qualify for passported benefits. One of the things that I come across—as do others, I am sure—is the fact that information about those moves is not getting out. Could the minister commit to contacting some of the relevant charities about what the Scottish Government has done?

Keith Brown: I am more than happy to consider that further. We have done a great deal of work, because we know how important the issue is. To put the matter in plain terms, some people who were eligible for the blue badge scheme and could passport into it automatically have been affected by the decisions and are asking why they have to

be reassessed, for example. If there is anything further that we can do to ensure that the message is spread, we will certainly do it.

The first of the new criteria that we have included applies to those who do not receive PIP at the passporting rate and who are challenging that decision with the Department for Work and Pensions. The second new criterion ensures that those who were in receipt of a lifetime or indefinite higher-rate DLA award will continue to retain passporting entitlement to a blue badge, irrespective of the outcome of the PIP application.

In addition, we have also mitigated the well-reported delays to the PIP assessment process by ensuring that those who have applied for PIP but have not received their PIP decision by the time that their higher-rate DLA ends will continue to passport to the blue badge scheme.

In the white paper, we have made it clear that, if we are elected as the first Government of an independent Scotland, we will halt the further roll-out of personal independence payments. That will allow the first Government of an independent Scotland to design a welfare system that meets Scotland's needs—especially the needs of the people who need to access the blue badge scheme.

We want the right people to have a badge. We also want a scheme that is fit for purpose. To go back to Dennis Robertson's speech, without the strengthened enforcement powers that the bill provides, disabled badge holders might not reap the benefits to which they are entitled. That is the real point at issue. We need to ensure that those who need a blue badge are the ones who get it.

Christine Grahame raised an issue about supermarkets. As Mark Griffin rightly says, the Government has no control over that, as those car parks are private spaces. However, I wrote to the supermarkets some months ago to ask them to look into the matter to see what more they could do to protect the rights of people with disabilities. I think that we have all had the experience of going to a supermarket whose disabled bays are completely full and seeing someone with a disability having to struggle further than they should have to, given that it was perfectly clear that some people who were using those bays did not require them. If, as I suspect that it will be, the bill is passed, I undertake to write again to the supermarkets to draw their attention to what we have done and to see whether there is any way in which we can strengthen the situation in that regard.

Once again, I thank Dennis Robertson for the work that he has done and the way in which he has brought people together and dealt with the

concerns that have been evident throughout the process.

Stewart Stevenson: Before the minister finishes, will he take an intervention?

Keith Brown: As long as it is not an application to be a non-uniformed officer.

The Deputy Presiding Officer: Anything is possible with Mr Stevenson.

Stewart Stevenson: Will the minister inform us a little bit about the enforcement process when badges are validated? We heard in the debate that the enforcement officer would recognise that a badge was for somebody who was 75, whereas the person in the vehicle was 40. In designing the badge and the enforcement system, how are we going to reconcile the need for privacy for the badge holder—I understand that we are not putting photographs on the badge for that reason—with the need for accurate information?

My driving licence—and everyone else's—has a coded six-digit number that gives my birth date and gender, but the encoding is so crude that it can be broken in 3.5 seconds. How is the Government going to take forward protecting people's right to privacy while ensuring that we have a clear and unambiguous means by which those who are enforcing the use of badges can do so appropriately?

Keith Brown: I would not want to steal Dennis Robertson's thunder—he might want to respond to those points—but some of those challenges have been dealt with in the most recent reforms to the blue badge scheme, whereby the security of both the database and the badge itself has been upgraded. I have said that we are in discussions with Police Scotland to allow the police to access the database. That should be the means by which we make sure that we get the system right, so that those who are challenging people are aware that a particular badge plainly does not belong to the person using it. The unique identifier that Dennis Robertson mentioned will help in that regard. Perhaps he will want to say more about that in his closing speech.

I am convinced that the changes that we have made recently and the ones that Dennis Robertson has proposed have bolstered a very secure system. The bottom line is that it should ensure that disabled people's parking spaces—of course, the blue badge also gives people a wider discretion to park elsewhere—are used only by those who are parking there legitimately and who want and need to do so, and that we try to eradicate the practice of people using them who are not entitled to do so. If we do that, it will be a real achievement for Dennis Robertson's bill.

The Presiding Officer (Tricia Marwick): I call Dennis Robertson to wind up the debate. Mr Robertson, you have eight minutes.

17:42

Dennis Robertson: In winding up, I first extend my sincere thanks to those who managed to speak during this short, but very important, debate. I also offer my genuine thanks to the minister for supporting me through the process and to the team from Transport Scotland, without whose guidance I think I would have found it virtually impossible to take the bill forward. They were absolutely fantastic at guiding me through the process. As Kevin Stewart rightly said, thanks should also go to my own staff, who have been extremely supportive. I also extend my thanks to the Local Government and Regeneration Committee for its scrutiny of the bill at stages 1 and 2. Stewart Stevenson was appointed at stage 2 to enable the process to meet the requirements of Parliament, so I extend my sincere thanks to him for assisting me in the process at stage 2.

As we have said before, the bill is small, but it will have a significant impact for people with disabilities, given the powers that we are looking to provide to local authorities. It is about enforcement. As has already been said, any enforcement will be done sensitively and in a manner that will not cause anxiety to badge holders.

I thank the minister for addressing most of the points that Stewart Stevenson raised in his intervention. All blue badges will continue to have a photograph, but it is at the request of people with disabilities themselves that the badge will remain face down. It is the unique identification number on each badge that will ensure that the badge holder will be identified in any enforcement process.

Cameron Buchanan mentioned the analogy of taking a sledgehammer to crack a nut. There is no intention of doing that—there will be no need to, because we will have the information on the database. We will not go to every blue badge holder and investigate, because there is no reason to. What we are trying to do is to establish the evidence of a pattern of misuse. Gordon Catchlove does that in Edinburgh. When he gave evidence to the Local Government and Regeneration Committee at stage 1 he explained how he goes about his function. It is at that point that we can determine whether a badge is being misused.

The bill represents a review process. Since the new criteria came about, the right of review if their application is turned down has not been afforded to a person with a disability. Their application will

now be looked at again and the criteria examined to ensure that, if the person genuinely requires a blue badge, they will be afforded one.

At stage 1 of the bill, only 20 local authorities had a review process; I can confirm that all 32 local authorities have now put one in place. That is progress, and the local authorities are to be commended.

We have come a long way on this journey, but we still have a long way to go. Will the introduction of the bill stop universal misuse? I believe not. Will it prick the consciences of those who are determined to misuse the badge? I believe not. What it has done and will do is to raise awareness, not just through the media but among badge holders themselves.

Cameron Buchanan said that the guidelines that we give people when we issue a blue badge are important. Cameron admitted that when he received the regulations, he took one look at them and put them in a drawer. I sincerely hope that, through common sense and use of his blue badge, he has not had a parking ticket—apart from the time in London that he mentioned. It is not just about blue badge spaces; it is about using the blue badge to ensure that if there is a single yellow line or a double yellow line, someone can park appropriately, provided that there are no other restrictions.

Christine Grahame mentioned private car parks. Like the minister, I wrote to the supermarket chains and the retail outlets asking them what they had done to monitor use of blue badge spaces. I give an undertaking to Parliament today to write once again to the supermarket chains and retail outlets to ask them to step up to the plate and—on the back of the bill, if it is passed this afternoon, which I sincerely hope it will be—to look at ways of enforcing the use of the blue badge spaces within those private areas.

It is important to ensure that our health boards step up to the plate, too. They already have the means to monitor blue badge spaces and to ensure that they are appropriately used. I will be asking the health boards to ensure that—again, on the back of the bill—they, too, look at ways in which they can enforce use of their disabled parking spaces.

It has been an enjoyable if lengthy process. My thanks go to all those who participated in the consultation and all those who want a bill that will give them better use of their blue badge. I hope that it is a bill that will prick the consciences of people who have misused badges. It will also give us the guidelines that we so desperately need to try to ensure that a person with a disability can use their badge appropriately and without confusion.

I thank Parliament and every member who has participated in the process—through stages 1 and 2 and in this afternoon's short but concise debate—for offering sincere assurances that they will support the bill through to the end of the process this afternoon.

Decision Time

17:50

The Presiding Officer (Tricia Marwick): There are two questions to be put as a result of today's business. The first question is, that motion S4M-10822, in the name of John Swinney, on the Revenue Scotland and Tax Powers Bill, be agreed to.

Motion agreed to,

That the Parliament agrees that the Revenue Scotland and Tax Powers Bill be passed.

The Presiding Officer: The Revenue Scotland and Tax Powers Bill is passed. [*Applause.*]

The next question is, that motion S4M-10783, in the name of Dennis Robertson, on the Disabled Persons' Parking Badges (Scotland) Bill, be agreed to.

Motion agreed to,

That the Parliament agrees that the Disabled Persons' Parking Badges (Scotland) Bill be passed.

The Presiding Officer: The Disabled Persons' Parking Badges (Scotland) Bill is passed. [*Applause.*]

Independent Retailers

The Deputy Presiding Officer (Elaine Smith):

The final item of business is a members' business debate on motion S4M-10420, in the name of Gordon MacDonald, on celebrating the contribution of independent retailers to the Scottish economy. The debate will be concluded without any question being put.

Motion debated,

That the Parliament celebrates the contribution of independent convenience store retailers to the local economies of Scotland's cities, towns and rural and island communities; understands that there are more convenience stores in Scotland per head of population than the rest of the UK and that convenience stores employ over 41,000 people in Scotland, providing key services to many local communities not only in the Edinburgh Pentlands constituency, but to every parliamentary constituency in Scotland, and considers that a successful independent convenience store sector helps to ensure the long-term sustainability, diversity and vibrancy of high streets.

17:52

Gordon MacDonald (Edinburgh Pentlands) (SNP): I thank John Lee of the Scottish Grocers Federation for his assistance and welcome the convenience store owners who are in the public gallery tonight.

The independent convenience store sector has been a cornerstone of all our local communities for generations. Whether to supply a pint of milk and a newspaper in the morning or a few messages on the way home from work, they are open and ready to serve from early in the morning to late at night in every city and town and in every rural and island community across Scotland. Indeed, Scotland has more convenience stores per head of the population than any other part of the United Kingdom and they employ over 41,000 people. To put that into context, that is more people than the combined total employment provided in agriculture, forestry and fishing, or the motor trade in Scotland.

It is not just direct employment that local shopkeepers provide, but employment for their contractors and suppliers. The vast majority of convenience stores are owned and operated by small business owners, and because they are part of the local community they tend to use local contractors and suppliers. Research by the Scottish Grocers Federation identified that a typical convenience store reinvests £250,000 in the local economy by using local tradesmen, local produce suppliers, local shop fitters and local garages as well as local legal and accountancy firms. As a result, convenience stores are, I believe, one of the cornerstones of a community in the same way as the primary school, the community centre, the post office and the pub.

Their presence in a village, town or neighbourhood helps to support that community. In addition, many corner shops provide a range of services, such as a cash machine, a bill payment service, home delivery or even just a notice board, all of which help to sustain the local community.

All is not well in the convenience store sector, especially among family-owned businesses. Two main issues affect them: the growth of the convenience store network of the big four supermarkets and the resultant overprovision of grocery stores. The decision by the large supermarket chains to move into the convenience store sector in Scotland has put pressure on small independents. In the current economic climate, customers' income has, in many cases, not kept pace with inflation, and the outcome is that the available spend in an area is spread more thinly across all the retailers, with the result that the viability of some stores has been brought into question.

The expansion by the big four supermarket chains into convenience stores is detrimental not just to small independent shopkeepers, but to other small businesses, because the large conglomerates tend to have national contracts for maintenance and servicing and international suppliers, which results in the loss of the local economic benefit that is generated by having a locally owned store.

The other issue that I mentioned is the overprovision of grocery stores. I will use an example from my constituency to highlight the problems that it can cause. Along the stretch of the B701 from Oxfords Road North to Colinton Mains Drive, there are two large supermarkets, one multiple convenience store operator and three independently owned convenience stores in the space of just over a mile. It is an area of my constituency that most people would consider to be well served by grocery stores and to have healthy competition and choice.

However, along with its partner, City of Edinburgh Council has decided to sell land that was previously occupied by a social work building and a church to a major grocery discount store operator. The local community is split. Many families would welcome the discounter, while others have signed a petition that opposes the building of yet another supermarket. Their reasons for doing so include the effect of increased traffic congestion, which would result in additional traffic noise and deteriorating air quality, the effect on existing employment and, ultimately, possible store closures.

There is also disappointment in the local community that the land has not been designated for housing, as there is unmet demand for new housing in the area. Many members of the

congregation of the now closed St John's church were under the impression that the land would be used for much-needed housing, but they now find that a licensed premises could occupy what was the church ground in an area where there are already eight licensed premises. It is at such times that the city planners have to take a step back and ask themselves whether the location of another supermarket is in the best interests of the whole community.

In doing so, council officials should examine the job creation claims and assess whether the proposed employment opportunities will really be new posts or will simply be employment that has been displaced from existing operators who need to downsize their operation to meet their reduced revenue.

A study by the UK retail trade association, the Association of Convenience Stores, entitled "Job Creation Claims in New Supermarket Retail Developments" found that, in many instances, the claims about the number of jobs created simply represented a head count. As part-time posts make up 49 per cent of all retail opportunities, the number of full-time equivalent jobs will, in most cases, be substantially lower than that claimed by the supermarket.

If the new supermarket in my constituency is given the go-ahead, I will be concerned about the survival of all three small independent stores and the possible reduction in the number of employment opportunities that are provided by the existing supermarket operators. Members of the convenience store sector, unlike the large supermarket chains, do not have reserves that allow them to trade at a loss for a prolonged period of time.

Since 2008, many small businesses have experienced difficult trading circumstances, and the introduction of the Scottish Government's small business bonus scheme has assisted them. Across Scotland, owners of 92,000 small businesses, many of whom own local convenience stores, have had their rates abolished or substantially reduced.

However, this is not just about existing businesses. We need to make our shopping areas more attractive by offering a wider, more diverse mix of high-street businesses, and we need to encourage young entrepreneurs to create new businesses that make use of the vacant premises in our town centres and neighbourhood shopping areas. A more diverse high street or shopping area will generate a higher footfall that should benefit all businesses in the area.

The Carnegie UK Trust, which has developed a number of retail initiatives from pop-up retail

festivals to an online toolkit for examining a town's characteristics, states in its briefing:

"We recognise that for many towns, the contribution of independent retailers is a crucial factor in the long-term sustainability, diversity and vibrancy of high streets."

That "sustainability, diversity and vibrancy" can be achieved only if everyone involved in developing our towns and cities recognises the importance of the independent convenience store sector's contribution to our economy and understands the importance of sustaining it.

The Deputy Presiding Officer: Many thanks. I call Margaret McCulloch.

18:01

Margaret McCulloch (Central Scotland) (Lab): I was expecting a couple more minutes to write down some more notes, Presiding Officer. I decided to speak only at the very last minute.

Independent stores play a very important part in the country's local economy. For example, when he retired, my dad used to go to the local shop for his newspapers, his milk and his pension; in fact, his visits became social events, because he got to know the retailer personally. For others in the same circumstances, the retailer might be the only person they speak to the whole day, and they play a very important part with regard to social communication with individuals.

As a result of economic circumstances, our independent retailers have been under a lot of pressure and are struggling to survive. Parking, for example, can be a problem that hinders sales. As has been pointed out, they are also struggling with the big multinational chains, which, although they provide a service, do not provide that very important personal service.

Going back to my previous life as a trainer, I know that local retailers provide employment for a lot of young people. They take an active part in—indeed, are at the forefront of delivering—modern apprenticeships and see the benefits of those programmes. Finally, as convener of the cross-party group on towns and town centres, I hope that the Government and local authorities will consider more initiatives and see what they can do to preserve these businesses and help them to survive.

In concluding this very short speech, I ask the Scottish Government to tell us what it can do to help these local businesses, which need more support not only for training but to tackle the red tape that hinders them and to ensure that they survive and develop.

18:03

Chic Brodie (South Scotland) (SNP): I thank Gordon MacDonald for securing this debate, and I echo his sentiments about our food, clothing and service retailers. It is right that we celebrate the contribution made by our independent convenience stores, which are often the Cinderella of our focused sectors as far as our national economic strategy is concerned.

Not only can independent businesses play a vital role in the future of our high streets but, if they are strong and well managed, they can attract new business and grow into more medium-sized operations. The retail sector as a whole employs 255,000 people, and 41,000 people are employed in convenience stores. It is a large private sector employer that employs 14 per cent of the non-Government workforce.

Our retailers have had a difficult few years with the recession. Sales volumes in small and medium-sized retail businesses—and particularly independent convenience stores—declined from 2008 to the first half of 2012, although limited growth has occurred since 2012. On a wider scale, I believe that the feedthrough and leakage of spending from the recent successful Commonwealth games have been reflected in a change in footfall figures and in the flow of business that embraces small, independent operations.

I praise the retail sector's efforts to tempt shoppers with not just keen prices and promotions but best value, customer service and quality. The challenge is to maintain growth and gain long-term benefits. In the past few years, another challenge to convenience stores has been from out-of-town supermarket developments. However, I have been told in discussions with Leigh Sparks that the supermarkets seem to be reappraising their investment strategies and that they are looking at town centre investment, which would provide the independents with new challenges to confront.

The Scottish Government has recognised the importance of our retailers in its town centre review, which included sector experts from all over the country and representatives of smaller independent units. The review looked at sharing resources and services, developing creativity in enterprise and contributing generally to the health of our town centres. All that is key.

The review said that the Scottish Government and local authorities need to recognise and prioritise the importance of town centres for sustainable economic growth. The lifeblood of that flows naturally from independent convenience stores.

We need to ensure that all dimensions of the retail sector are seen to offer a good career path.

To achieve that, we must work with all the skills development providers—our colleges and our employers—to secure the aspiration for those who would like to be involved in retail. We could start at the bottom by working with independent convenience stores on the creation of appropriate apprenticeships.

Our independent retailers play a vital role in the success of our high streets. The town centre review group made a great start on supporting the sector, but challenges remain. We must embrace those who know how to run independent convenience stores. There are great opportunities to grow that sector.

18:08

Gavin Brown (Lothian) (Con): I, too, congratulate Gordon MacDonald on securing the debate. I thank the Scottish Grocers Federation, the National Federation of Retail Newsagents and the Carnegie United Kingdom Trust for their helpful briefings, which I think that many members will have taken advantage of in preparing for the debate.

We are right to talk about the enormous contribution that independent retailers make to the economy. Figures have been put out there already, but they are worth repeating—41,000 people across Scotland are employed in the sector and there are 5,500 stores.

Most important, those stores have a multiplier effect. We heard about the statistics on investment in stores; that leads on to local trades, shopfitters and suppliers in the local area. It is a fact that a far higher percentage of each pound that is spent in a local retailer circulates back to the local economy in comparison with spending at an out-of-town centre or online.

Margaret McCulloch touched on my next point. I do not know whether it is by accident or design, but the number of people who get their first job—their first opportunity on the employment ladder—in some kind of independent retailer is remarkable. That should be recognised and applauded.

Independent retailers contribute nationally and locally, but they are more than that—they are community hubs wherever they happen to be located. We read in the briefings about in-store post offices, ATMs and bill payment services. Gordon MacDonald touched on the fact that many such stores have become the main source of advertising for the community.

If people want to find out when the gala day is and what is happening, who the best local supplier is to speak to for whatever trade, or what classes or training events are on, their local retailer is very often the first—and best—port of call. Many

retailers put up that information for free but even those that charge do so for very reasonable and fair rates.

Although I have no scientific evidence to back this up—only personal experience—I believe that those who own and operate independent retailers in their communities are far more likely to be involved in, or indeed to run, their local community councils. When we wrap all that together, independent retailers genuinely give back in a way that many other businesses either do not or do far less of.

Some of the challenges that the sector faces have been touched on, but others have not so I will move on to them. As regards the challenges that are mentioned by businesses, the challenge of business rates is very near the top of the pile. The Scottish Government should be applauded for the small business bonus. We supported the bonus from day 1, we encouraged the Government to accelerate it, and it has been a resounding success.

The question for the minister and for all of us now is: where next with the small business bonus? Can we raise the threshold so that more local retailers come in underneath the threshold and benefit from it? Can we have more of a stepped system so that, if a retailer is just above the threshold, they do not miss out entirely and they still get some benefit from the small business bonus? Is there something that we can do to slow down the rises in business rates? I do not offer all the answers, but they are questions that we all have to think about.

I know that the minister has form on regulation, particularly in his previous role. Retailers have been hit by tobacco, alcohol and indeed environmental burdens. Some businesses have been hit by one of those burdens; many independent retailers have been hit by all three over a fairly short space of time. Is there something that we can do to reduce the burden of regulation on them? It is more difficult to comply with regulations as a smaller business than it is for far larger businesses.

Can we do more to help independent retailers on the issue of illicit trade? The Scottish Grocers Federation hosted an excellent session on the issue in the Parliament just a couple of months ago. Illicit trade damages legitimate businesses, harms consumers and helps those who are trying to get round the rules.

Any responses to those issues that the minister can touch on will be gratefully received.

18:12

Kenneth Gibson (Cunninghame North) (SNP): I congratulate my colleague Gordon MacDonald on securing the debate.

The benefits of convenience stores in Scotland are many, as we have heard. Such stores boost employment, allow people to start up and develop their own businesses, enhance the Scottish economy and serve local communities.

Scotland now has more convenience stores per head of population than any other part of the UK, with one shop per 949 people. Those stores are indeed the lifeblood of many of our communities. Convenience stores employ approximately 1.6 per cent of the Scottish working population.

The benefit of independent convenience stores to ethnic minorities is greater than for any other group, as 60 per cent of Chinese and 70 per cent of Pakistanis living in Scotland work in small businesses. Asians make up only 2.7 per cent of the Scottish population, but they are a vital asset to the independent convenience store sector. Many independent convenience stores are family businesses, and almost two thirds of those family businesses employ at least one other family member.

Independent convenience stores, through the hard work of the owners and staff, contribute to economic growth. Industry body the Institute of Grocery Distribution has said that the value of the convenience sector across the UK will grow from £35.6 billion in 2013 to £46.2 billion by 2018. That point is reinforced by the fact that, despite an increase in the number of other retail sector shop closures, convenience stores have not followed the same trend, with growth in the number of shop openings during January to March 2014 of 10 per cent.

A convenience store can contribute to the local economy. It is important to reiterate what previous speakers, including Gavin Brown and Mr MacDonald, have already said. Convenience stores contribute to the local economy by using local tradesmen, produce suppliers, shopfitters, garages, legal firms and accountancy firms. Added services and facilities in convenience stores may be a crucial reason why the sector is growing. They are very fleet of foot. With developments such as the introduction of click and collect, courier delivery, online shopping return services and secure ATMs, I hope that footfall will increase.

Independent convenience stores are primarily run by their owners. One third of those are women; one in 10 is under 30; 1 per cent are over 60; one in five has been in business for less than half a decade; and one in five of those business owners owns more than one shop. It is clear that a vast range of people are able to operate and

develop their own store. That demonstrates the business opportunities in the sector.

More than three quarters of owners are of the first generation of their family to own or run a business. That creates sustainable jobs for generations of families as well as others in their community.

It is, of course, no easy life. Many hours of service have to be dedicated to ensuring customer access for the optimum number of hours, and a reasonable footfall is essential to earn any kind of living, let alone a good one.

Many consumers appreciate the importance of supporting local businesses, not just because of their proximity. Consumer trust in local shops continues to be consistently higher than that in supermarkets, for example. A survey of more than 7,800 shops run by independent corporate retailers reported that, despite competition from major supermarkets, local shops are

“as important to the community as the bobby on the beat”.

Customers become familiar with the staff in convenience stores, as Margaret McCulloch pointed out, and people often meet in them for a wee bit of a natter and a gossip. Many people are also attracted by the range and flexibility of the stock that local convenience stores can get in. They aid in developing growth in areas such as employment and the economy, and they have a very positive impact. They are a vital community asset, and they enhance community resilience, socioeconomic wellbeing, and the social value of enterprise and innovation. The importance of town and village shops to the fabric of Scotland should not be underestimated.

As we have heard, there are storm clouds on the horizon. Profits are being squeezed and there are increased costs, from energy costs to the costs of basic produce. In challenging times for all people in society, it can be very difficult for shop owners to pass on all increased costs to customers. As Mr Brown said, we should therefore look further to reduce the rates burden where that is possible. I am sure that the small business bonus scheme has been a tremendous success—we know that the Federation of Small Businesses said that, without it, one in six shops would have gone down the stank during the recession—but we should look to see how we can move on from there.

I reiterate what Gavin Brown said about smuggling. We need to take more action to ensure that that does not impact more on the profitability of our small business store sector.

18:17

The Minister for Energy, Enterprise and Tourism (Fergus Ewing): I am very grateful to Gordon MacDonald for bringing before us this debate, which covers a matter of huge importance in every part of Scotland. I am also very grateful for the contributions of all members from different parties across the chamber. They recognise the significant role that independent retailers play in the economy; it is a very large role.

The retail sector has been quite resilient during the recession. It did not go “down the stank”, to use the technical expression that Mr Gibson brought to the proceedings; rather, it managed to overcome very well the buffeting of the recession. I am quite sure that that is partly because of the hard work and effort that managers and owners of those independent businesses brought to bear to ensure that they offer an efficient, friendly and effective service that provides goods, fresh food and a variety of grocery products that people throughout the country want. They give people what they want and run the businesses well on a family basis. I used to be one of them, as opposed to a politician—although I suppose that a politician is one of them, as well, in a different context.

I was a small businessperson and I remember the pleasures and anxieties of running a business. Being responsible for the livelihoods of a great many other people is a burden to bear, but that is a burden that independent retailers bear extremely well in Scotland, as the figures show. As has been pointed out, employment in the sector is substantial.

There are challenges facing all businesses in Scotland. The burden of taxation is one such challenge. Various members, starting with Gordon MacDonald, mentioned business rates, and that was a particular focus of Gavin Brown’s speech. We are pleased that we reinstated the uniform business rate in 2008, the year after we came into office. That ended an extra overtaxation of, I think, up to 8 or 9 per cent, and the change has made a contribution. I am also very pleased that we have had a measure of cross-party support for the introduction of the small business bonus scheme, which assists more than 92,000 businesses—two in five premises.

Gavin Brown puts his points reasonably. As he suggests, we want to do more—there is no question about that. That applies across the board, because business rates are a significant burden for a great many businesses. The rate must be paid irrespective of turnover. The sum is fixed and is based on the notional rental or the rateable value. The rate is a large and looming burden in running a business.

I say out of fairness and to be candid, particularly given that we know that some independent retailers are in the gallery, that I would be somewhat pleasantly surprised if they were eligible for the small business scheme. That is because the bonus is for the smallest businesses.

Mr Brown asked whether we could raise the thresholds and whether those thresholds could be stepped. On 11 December 2013, John Swinney announced an expansion of the small business bonus scheme by increasing the upper threshold for businesses with multiple properties from £25,000 to £35,000. That expansion was estimated to extend the benefit to more than 4,000 additional properties over this Parliament’s lifetime.

We also have more generous provision with regard to empty property relief than is available south of the border. Derek Mackay, the Minister for Local Government and Planning, has introduced a new incentive—the fresh start relief, which provides a 50 per cent rate of relief for 12 months when long-term empty property such as shops and offices become newly occupied. That would perhaps affect only a small number of businesses; nonetheless, it is there to encourage and promote additional economic activity in the retail sector.

Reference was made to regulations and red tape. The Scottish Government brought in the Regulatory Reform (Scotland) Act 2014, which I led on, and which will make all public bodies subject to the duty of considering the economic impact of what they do. That general principle is one whose introduction was long overdue. The duty is not yet in force, but we expect regulators in particular to act as though it were. Therefore, when taking decisions, public bodies must take account of the economic impact—how they affect existing business—and seek to ascertain how decisions that they take will affect businesses.

On town centre planning, in July my colleague Derek Mackay, along with the Convention of Scottish Local Authorities, announced the town centre first principle. Reflecting some of Gordon MacDonald’s remarks about supermarkets, the recognition of that principle acknowledges that, in some town centres, matters are very difficult. There are empty shops, a great number of charity shops and perhaps a lack of choice to individuals in many towns throughout the country. I will not name them, but that is a tendency that we have noticed. Therefore, the town centre first principle is a recognition that we need to redress the balance against the dominance of the supermarkets, as was mentioned by a great many members.

Margaret McCulloch mentioned new initiatives. We have the small business bonus scheme, the

empty property relief and the fresh start property relief. We also have the business improvement districts and the town centre first principle. In one sense, I suspect that for most people in business here, those are, in practical day-to-day terms, probably not of much relevance. Also, people in business do not expect or want Government to come along with an occasional cheque, bung or grant. They do not want initiatives with handouts. I am sure that that was not what was suggested. Rather, they expect to run profitably, to run the show themselves and to offer a good service to their customers and thereby make a decent living, and to look after their staff well and provide appropriate training for them.

However, we in the Scottish Government are of course very keen to work with the representative bodies that have been referenced, including the Scottish Grocers Federation, representatives of newsagents and the Scottish Retail Consortium. Like my colleagues, I seek to have close relations with those bodies, and I will continue to do that.

To the independent retailers and their sector in general, I say that I have worked with individual businesses, not least in my constituency, to help them to access other services so that they can, for example, become a post office or retain their lottery ticket outlet, and so on. However, if there are general matters, initiatives or measures that are identified by independent retailers as creating barriers to success, I would be extremely happy to work with their representatives on that. I am grateful that Mr MacDonald has given me the opportunity clearly to make that pledge. I also support the initiatives that have been taken by the Scottish Grocers Federation recently in terms of healthy living and healthy food, which we very much welcome.

We have covered quite a wide range of topics this evening, but I think that what is most important is that all of us, across the different parties, expressed our support for and appreciation of the economic, practical and, as Margaret McCulloch said, social functions that smaller independent shops provide as they compete with the megaliths of the dominant supermarkets with their different practices, including purchasing practices. The smaller shops find it difficult from time to time to compete with them in those ways. However, by their personal, local, effective, high-quality service they have nonetheless proved to be very resilient in hard times. The message from all of us is this: Long may that continue.

Meeting closed at 18:26.

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