

Budget 'must' help Scotland

The Chancellor must match rhetoric with action by promoting economic growth and protecting motorists in the forthcoming UK Budget, John Swinney said today. The UK budget will be presented to Westminster on 23 March.

Cabinet Secretary for Finance and Sustainable Growth John Swinney has written to the Chancellor George Osborne with the Scottish Government's priorities for action.

Key demands include:

- * Scrapping the planned fuel duty rise and providing immediate support for households and businesses by taking action on high fuel costs
- * Improving access to finance and a plan by the banks to show how affordable loans will be distributed to viable businesses
- * Accessing Scotland's £195 million Fossil Fuel Levy surplus to invest in renewable energy projects, creating jobs and cutting emissions
- * Giving Scotland's world renowned video games industry a tax break to be able to compete internationally

✘ Mr Swinney said:

"This Budget has to improve the prospects for economic growth and end the scandal of sky-high fuel prices.

"We need immediate action on fuel prices. With estimates suggesting that the dramatic increase in oil prices could provide the Exchequer with a £2 billion windfall from the North Sea this year, Mr Osborne must use these additional revenues to ease the crippling burden of sky-high prices on Scottish families and businesses.

"The Scottish Parliament, including the Conservative and Liberal Democrat parties, recently agreed to call on the UK

Government to cancel the planned increase in fuel duty scheduled for April and establish a fuel duty regulator. The price of diesel has breached a shocking £1.60 a litre in Scotland – the Scottish Government recognises the impact high fuel prices are having and the Chancellor must listen and act.

“The Budget must also show how the rural fuel discount scheme will operate, how long the negotiations with the EC will take and when exactly it will be implemented. We have had vague promises from the Chief Secretary to the Treasury for far too long.

“The Scottish Government is delivering a growth strategy, through our Economic Recovery Plan, to secure jobs, strengthen skills and support investment in innovation. Next year’s Scottish Budget includes funding for a record 25,000 Modern Apprenticeships, continuation of the Small Business Bonus Scheme and the Council Tax Freeze. Our actions are having a positive impact – Scotland’s recession was shorter and shallower than in the UK and Scotland is the only nation in the UK with rising employment and falling unemployment.

“Yet the contraction in UK output during the last quarter of 2010, and the scale of the Coalition’s spending cuts, highlights the continuing pressures on Scottish businesses and households.

“Securing affordable finance is a huge challenge for many of our firms with the lack of new lending having an adverse impact – business investment remains 20 per cent below pre-recession levels.

“Lending commitments have been agreed by the major commercial banks but the banks must move quickly. I want the Chancellor to ensure that more affordable and more accessible loans are available this year than last. I have also asked for a proactive action plan from the banks to show how loans will be distributed, at reasonable and affordable costs, so that

viable businesses can readily take advantage. That would be a great practical help to Scottish business.

“To help Scotland’s video games industry, I have asked the Chancellor to implement a tax break to allow our world-class companies to compete internationally with locations offering attractive tax breaks, such as Canada or France. There is cross-party support for this in both the Scottish and UK Parliaments.

“Scotland’s £195 million Fossil Fuel Levy surplus must be released now, as additional spending, to invest in key renewable energy projects and create a truly low carbon economy. The First Minister has made clear our desire to work with the UK Government to reach a solution and I want to see further quick progress on this.

“And we need more details on the UK Government plans for Enterprise Zones, an option we would be keen to pursue. We would want to see broad measures available, such as enhanced capital allowances, which could make a real difference to meeting the needs of significantly disadvantaged areas of Scotland.

“Taken together, these measures would boost the economy and protect motorists and I hope the Chancellor takes the opportunity to enact them in the upcoming Budget.”